Austria . . . Sch. 22	Indonesia . . Rp 3100	Philippines . Pes. 20
Bahrain . . Din 0.650	Israel . . . . NIS 3.50	Portugal . . Esc 100
Belgium . . . BFr 48	Italy . . . . . . L 1600	S. Arabia . . Rls 6.00
Canada . . . C$1.00	Japan Y600	Singapore . S$ 4.10
Cyprus . . . C£0.75	Jordan . . . Fils 500	Spain . . . . Pta 125
Denmark . DKr 9.00	Kuwait . . . Fils 500	Sri Lanka . . . Rup 30
Egypt . . . . E£2.25	Lebanon . L 50.00	Sweden . . SKr 8.00
Finland . . Fmk 7.00	Luxembourg . LFr 45	Switzerland SFr 2.20
France . . FFr 6.50	Malaysia . Ringgit 4.25	Taiwan . . . NT$95
Germany . . DM 2.20	Mexico . . Pes. 300	Tunisia . . Din 0.650
Greece . . . . . Dr 90	Morocco . . Dh 6.00	Turkey . . . . L 500
Hong Kong . HK$ 12	Netherlands . Fl 3.00	U.A.E. . . . Dhr 6.50
India . . . . Rup. 15	Norway . . NKr 7.00	U.S.A. $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,205 — Wednesday April 8 1987 — D 8523 B

Texaco: legal blunders that could kill a company, Page 27

World news

Divers search ferry for bodies

Divers began the grim task of searching the hull of a capsized British ferry for an estimated 134 bodies trapped inside after salvage teams used floating cranes and giant barges to right the Herald of Free Enterprise. The ferry capsized off the Belgian North Sea port of Zeebrugge more than a month ago.

Sixty-one bodies had been recovered prior to the righting manoeuvre. Authorities said 348 people survived the accident although they acknowledge that their tally may be imprecise due to confusion about whether some survivors were counted twice in the initial rescue. Picture, Page 2

Mubarak victory

President Hosni Mubarak's ruling National Democratic Party won 75 per cent of the votes in Egypt's national election and will dominate the new parliament. The opposition claimed the election was rigged.

Philippines tense

The military put its troops on alert as tension in the most southern Philippines city heightened ahead of Moslem autonomy talks tomorrow.

Pope in Argentina

Pope John Paul II began a visit to Argentina's rich agricultural areas by defending the rights of rural workers. He said they had been neglected too long.

Pakistani denial

Pakistani Prime Minister Mohammed Khan Junejo said his country had no intention of producing nuclear weapons. He was ready to sign the nuclear Non-Proliferation Treaty.

UK poll prospects

Prospects for a June election in Britain rose after senior ruling Conservative Party members urged Prime Minister Margaret Thatcher to go to the country a year early. Two more opinion polls gave the party a commanding lead.

Chirac warning

French Prime Minister Jacques Chirac warned his own parliamentary coalition against criticisms of government policy which could hamper it in the year before presidential elections. Page 2.

Gulf war flares

Iran said it launched an offensive east of Iraq's southern city of Basra while Iraq said forces had repulsed the attack. Page 4

Libyan bombing

Libyan aircraft bombed with "unprecedented intensity" the strategic air base of Ouadi-Doum, Chad radio said. The air base was recently recaptured by Chad forces.

French jail move

The French Government said it was dropping a controversial plan to set up privately-run prisons and announced a new state-funded prison building programme.

Amsterdam evictions

About 750 police in riot gear stormed an illegally-occupied building in central Amsterdam and evicted the eight occupants, arresting five of them and two of their supporters.

IRA burial clash

Mourners clashed with police at an Irish Republican Army funeral in Northern Ireland. Prisoners rioted in a high-security jail and guerrillas attacked security bases.

Five die in Punjab

Sikh extremists killed five people and set alight cigarette, drink and barber shops in Punjab. Their action was a fresh challenge to the Indian state's moderate government.

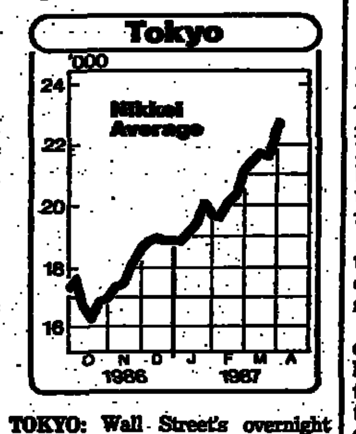
Business summary

Petrofina 'let off' US fine of $841m

PETROFINA, the Belgian oil company, announced that the US Government had decided not to proceed with a $841m fine for alleged violation of oil price controls. An unauthorised leak from the US Department of Energy in January revealed that Washington was considering imposing what would have been one of the largest fines ever for infringing the controls, which were lifted in 1981.

NIXDORF Computer expects further rapid growth this year after raising net income by 29 per cent in 1986 to DM 222m ($121), Mr Klaus Luft, chairman of the West German company, said. Page 29

RHONE Poulenc, the French state-owned chemicals group, will this week report consolidated net group earnings of FFr 2bn ($307m) for 1986, compared with profits of FFr 2.1bn ($323m) the year before. Page 29



TOKYO: Wall Street's overnight advance helped send share prices soaring to a record high. The Nikkei average climbed 198.54 to 22,784.65. Page 50

LONDON: Worries over the weak dollar and the threat of a trade war with Japan helped push equity prices lower despite a late rally. The FT-SE 100 index slipped 2.6 to 1,987.0 while the FT Ordinary index shed 1.5 to close at 1,584.5. Page 50

WALL STREET: The Dow Jones industrial average closed down 44.60 at 2,360.94. Page 50

GOLD fell $2.50 to $419.50 on the London bullion market. It also fell in Zurich to $419.00 ($421.75). In New York the June Comex settlement was $426.20. Page 38

DOLLAR closed in New York at DM 1.8275; SFr 1.5150; FFr 6.0795; Y145.65. It rose in London to DM 1.8265 (DM 1.8250); to FFr 6.0750 (FFr 6.0725); but fell to SFr 1.5145 (SFr 1.5195); and to Y145.30 (Y146.05). On Bank of England figures the dollar's exchange rate index fell to 101.6 (101.7). Page 39

STERLING closed in New York at $1.6180. It rose in London to $1.6185 ($1.6175); and to DM 2.9550 (DM 2.9525); to FFr 9.8325 (FFr 9.8225); but fell to SFr 2.45 (SFr 2.4575) and to Y235.25 (Y236.25). The pound's exchange index fell 0.1 to 72.3. Page 39

ERICSSON, the Swedish telecommunications group, has won its first commercial order for digital public telephone exchanges in the fiercely-contested US market. It has been awarded a contract in the state of Idaho.

ELDERS IXL, the Australian brewing, financial services and pastoral group, is planning to spin off its chain of 5,000 Courage public houses, which may be worth up to $1.6bn. Courage, Britain's sixth largest brewer, was acquired by Elders last year from the Hanson Trust for $2.2bn. Page 28

CBS, the US broadcasting and entertainment group which is in the middle of a management upheaval, is to pay over $4m in lump sum payments and an annuity of $400,000 to its former chairman deposed in a boardroom coup last September. Page 29

WE REGRET that over-the-counter closing prices were not available for this edition due to communication problems.

Refugees flee misery of Beirut's Chatila camp

BY NORA BOUSTANY IN BEIRUT

SYRIAN TROOPS and military observers marched into the devastated Palestinian refugee camp of Chatila yesterday, as starving children streamed out and haggard dwellers thronged at the shantytown's muddy exits to give the first account of their five-month siege.

"We burned our doors and cupboards to cook and used sand, fat and shoelaces to make light at night," said Mona Al Hajj, as tears trickled down her dirty face. "We lived a life of beasts. Childrens' stomachs were bloated with hunger. There were no medicines. Sewage pipes burst open," she cried as the first of some 50 Syrian soldiers stomped into the northern entrance of Chatila.

Mothers rushed forward to find children who had been trapped inside, and camp residents climbing on earthmounds waved frantically to relatives they recognised in the distance. Colonel Abdel Salam Daghestani, the chief of a Syrian military observers unit in Lebanon, said: "The food blockade was lifted yesterday. Today we have fixed positions for our men and tomorrow the wounded will be evacuated."

A bitter war between Shia Amal militiamen, Shia Lebanese soldiers ringing the camp and Palestinian guerrillas trapped inside had reduced the narrow, dusty streets of Chatila to piles of collapsed rooftops and dangling masonry.

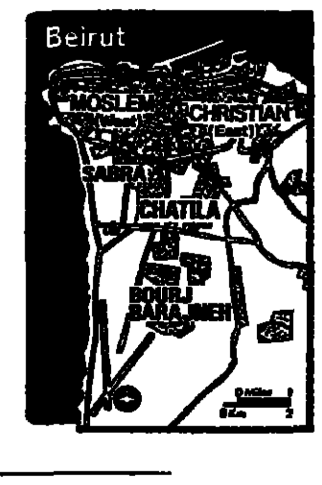
Conditions inside Chatila, a small patch of desolate destruction, where some 3,200 people have been besieged since November 24, appeared even more dramatic than those of the sprawling camp of Bourj Barajneh, located just east of the road to Beirut international airport.

Mahmoud Ghandour, a 12 year old Palestinian boy, who had just been reunited with his mother and little sister Ferial, said he had gone to visit another older sister inside the day the fighting started. His friend, 14 year old Omar Mansour Ghannam, whose parents are in Bourj, told reporters he ran out "because I could no longer stand my hunger." He said a barber known as Al Odeissi had shaved off his hair because all children had lice and bugs. Flies and mosquitoes buzzed over the people and the debris, as Shia Amal fighters prevented residents from pouring out.

Hollow applause rang out as soon as the three trucks of Syrian soldiers rumbled into the area. Old men with long beards and sad, sullen looks gazed in disbelief at the commotion around them.

"We had to eat boiled cats. There was no water, no bread. Maybe there are only five to six houses

Continued on Page 28



Lower dollar would pose threat to world economy says Volcker

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

MR PAUL VOLCKER, the US Federal Reserve Board chairman, yesterday issued a stern warning about the dangers to the world economy from a further decline in the dollar, hinting strongly that the US central bank fears it could be forced to tighten monetary policy to stabilise the currency.

"The performance of the dollar in the exchange markets might become a factor bearing on our provision of reserves," Mr Volcker said.

Although Mr Volcker has indicated before that he believes the dollar has fallen far enough over the past two years, yesterday's statements to a House of Representatives subcommittee represented his most explicit and outspoken statement on the risks of further dollar devaluation.

They came on the eve of meetings of finance ministers and central bankers of the major industrial countries (as well as developing countries) who are attending the meetings of the interim and development committees of the International Monetary Fund (IMF) and World Bank in Washington.

A senior Treasury Department official said that the industrial countries officials would conduct a review of the accord reached in Paris on February 22 where they agreed to try and stabilise key currencies. The US is expected to continue to press its industrial trading partners, particularly Japan and West Germany, to take action to speed up economic growth. The US official said that the accord "has been successful and continues to be successful."

Last night, Japan approved a framework for a set of measures aimed at boosting economic growth and reducing international trade tensions. The measures, however, are unlikely to satisfy Japan's main trading partners.

Mr Volcker's comments seemed designed to impress upon the financial markets, before these meetings, the commitment of the Fed to dollar stability and to underscore the importance of action in Congress to cut the US budget deficit as the debate over fiscal policy intensifies.

Throughout his written testimony Mr Volcker referred to the threat of relying on dollar devaluation to try and reduce the $170bn US trade deficit.

"There are clear dangers of relying too much on exchange rates" to improve the US trade balance. This would "clearly pose substantial risks of renewed inflationary momentum and could undermine confidence in future financial stability", he said.

Mr Volcker pointed out that dollar devaluation and the associated higher import prices might offset the improvement taking place in export volumes. He added that "a future sizable depreciation of the dollar could well be counter-productive... impairing prospects for investment and growth" in West Germany, Japan and other countries with current account surpluses.

Mr Volcker also stated bluntly that the US must "slow the growth of spending at home, particularly for consumption" in order to improve the trade balance, stressing the importance of cutting the budget deficit and achieving a better balance between investment and domestic savings. This "seems to me more important than achieving a particular rate of growth overall this year," he added.

Officials in Washington fear that with growth in the major industrial countries slowing, the difficulty of reducing international imbalances such as the US trade deficit and the surpluses in Japan and West Germany, is increasing.

The deteriorating outlook for the industrial countries is also exacerbating the problems faced by heavily indebted Third World borrowers. Mr Volcker warned that "there is clearly a danger that adequate financing arrangements are not being negotiated and put in place in a timely way" to help heavily indebted Third World borrowers.

He added that there is "too little appreciation of how much progress the heavily indebted countries themselves have made towards laying the groundwork for sustainable growth."

The Treasury official adopted a slightly more optimistic tone on the debt situation, saying "substantial progress" is being made. On the question of the particular problems of sub-saharan African debtors – one of the key issues on the agenda at this week's meetings – the official indicated that the US did not look favourably on proposals to forgive debt or offer concessionary interest rates on these countries' official debts.

He indicated, however, that stretching out repayment periods was more acceptable.

Lex, Page 28

Japan maintains imports from UK up sharply

BY CARLA RAPOPORT IN TOKYO AND PETER MONTAGNON IN LONDON

MR MICHAEL HOWARD, UK Minister for Corporate and Consumer Affairs, stepped up his attack on Japanese trading practices yesterday with a warning of an "abrupt deterioration" in trading relations between the two countries.

Mr Howard, in Tokyo for six-monthly bilateral talks, told top government officials yesterday that Britain was actively considering retaliatory measures against Japan if it did not open its international telecommunications market to qualified British companies, specifically Cable and Wireless.

However, it also emerged yesterday that Japan's own trade statistics flatly contradict a core British argument that the UK trade deficit with Japan has been rising sharply on the back of surging Japanese exports to Britain.

The figures, compiled by the Japanese Ministry of Finance, show that Japan's surplus with the UK actually fell last year by 24 per cent to Y530bn ($3.6bn). Far from rising sharply Japan's exports to Britain fell by 0.8 per cent while British sales to Japan raced ahead by 37.2 per cent.

This is a startling discrepancy with UK official figures which show the Japanese surplus rising 21 per cent to £3.76bn on the back of a 20.4 per cent surge in British imports of Japanese goods and a more modest 18.6 per cent rise in British sales to Japan.

Nonetheless Mr Howard told a press conference that Britain's growing frustrations with Japan over trade had reached a "boiling point" because of the Cable and Wireless issue.

"I want a fair crack of the whip for C&W and a fair crack of the whip for Britain," said Mr Howard.

MITSUBISHI of Japan has approved a plan to rescue Malaysia's national car venture, the Proton Saga, which is a favourite project of Dr Mahathir Mohamad, the Malaysian Prime Minister. Mitsubishi, which has a minority stake in the financially troubled venture, has offered to market the car overseas. Page 28

"If we don't get a fair crack of the whip, we'll have to consider retaliation."

Economists believe the unusual discrepancy between the two countries' statistics reflects the violent fluctation of the yen-sterling exchange rate, but in volume terms Japan's surplus with Britain is thought to have declined last year.

Figures for Japan's overall international trade published recently by the General Agreement on Tariffs and Trade show that in volume terms its imports climbed by 12.5 per cent last year while its exports declined by 1.3 per cent.

In a meeting with Mr Shunjira Karasawa, Minister of Posts and Telecommunications, Mr Howard said he expressed the "deep concern" of the British Government over the way in which the C & W issue has been handled.

Japan's reluctance to grant C & W a significant stake in its telecommunications market is believed to have been strengthened by its view that Britain would be unlikely to receive much assistance from its European Community partners on the matter.

Some of them, notably West Germany and France, have come under international fire for restrictive te-

Continued on Page 28

Reagan moves to contain Soviet spy row

By Lionel Barber in Washington

PRESIDENT Ronald Reagan yesterday tried to contain the growing controversy over security breaches at the US embassy in Moscow, suspending planned moves by the US and the Soviet Union into new embassy buildings in each other's capitals.

In a snap visit to the White House briefing room, Mr Reagan also said that he had appointed a special review board headed by the former US Defence Secretary Melvin Laird to investigate charges that KGB agents were allowed into the US diplomatic mission in Moscow.

The announcement, coming five days before Mr George Shultz, US Secretary of State, visits the Soviet capital for high-level arms control talks, appeared aimed at preventing the spy scandal from escalating to the point where it could disrupt the talks.

Mr Reagan, defending the decision to go ahead with Mr Shultz's visit, said: "I don't think it's good for us to be run out of town."

In the past week, Administration officials have expressed fears that Mr Shultz's reports from Moscow to Washington could be bugged. This followed disclosures that US Marine Guards at the embassy allowed Soviet agents into secret areas and that the new embassy building was riddled with eavesdropping devices.

In his brief statement yesterday, his first public comment on the scandal, Mr Reagan also appeared anxious to refute suggestions of incompetence in his Administration, charges which came to the fore during the Iran arms scandal.

He said that he had called his top national security advisers "two weeks ago" to assess the damage to US security at the embassy after the disclosures that Marines had let in KGB agents in return for sexual favours from Soviet women.

Mr Reagan said that neither the US nor the Soviet Union would be allowed into their respective new buildings in Moscow and Washington until he was assured that it was safe for the US to move into a safe environment in Moscow.

The security issue has been highlighted by reports that Mr Shultz may have to use a mobile communications van to avoid having his private conversation tapped next week in Moscow.

Mr Reagan said that Mr Shultz and a foreign intelligence advisory board had been asked to evaluate the condition of the new US embassy building and to "ascertain whether it will ever be secure or whether it may be necessary to destroy and rebuild it."

Italian Government crisis likely to deepen today

BY JOHN WYLES IN ROME

THE DYING FALL of Italy's remarkably durable five-party coalition government into early general elections should be enacted this afternoon after one of the most curious and bitter political crises in the country's postwar history.

After five weeks in which the main protagonists, the Christian Democrats and the Socialists, have constantly avoided taking responsibility for the divorce, the Christian Democrats are expected to withdraw from the Government at a Council of Ministers meeting this afternoon.

Mr Bettino Craxi, the Socialist Prime Minister, will probably then go before the Senate and confirm that his governing majority no longer exists. What happens afterwards, however, is another in a string of uncertainties which has made many Italians, usually bored to the point of indifference by their political crises, sit up and take interest.

One theory is that Mr Craxi will attach himself to the kite he floated last weekend and appeal for an alternative majority capable of sustaining a government through into June so as to permit the holding of referenda on nuclear energy and judicial reform.

But this majority may exist only on paper because the Liberals would be unlikely to join the Communists, the radicals and groups even further to the left in sustaining a referendum government.

The fact that Mr Craxi would even contemplate such a device was the last straw for the angry and embittered Christian Democrats, who believed that they were given bankable undertakings from the Socialist leader last July that he would hand over the premiership to one of their number.

Nonetheless, the Christian Democrat's instinctive desire for compromise meant that the party executive needed eight hours on Monday to agree that they would bring the five-party Government down if the Prime Minister did not agree in Cabinet to resign.

"The Craxi Government will no longer exist when he goes to the Senate," said Mr Ciriaco De Mita, the embattled Christian Democrat secretary, in the early hours of Tuesday morning.

Mr Craxi has repeatedly said that he will support a Christian Democrat-led government if only the referenda can go ahead. Although there are some waverers behind him, an adamant Mr De Mita, supported by the Republicans, insists that they must be avoided – as they will be if early elections are called. The Christian Democrat's fears that Mr Craxi would exploit the referenda to his party's advantage at the expense of the Christian Democrats and the Government.

Mr Craxi's appearance before the Senate, despite his first resignation on March 3, is at the insistence of President Francesco Cossiga who wants to establish clearly that there is no viable political majority.

Assuming there is none, his next move will be to ruminate over the name of a possible caretaker prime minister to steer the country through elections which, if held in June, would be fully a year before they are constitutionally required.

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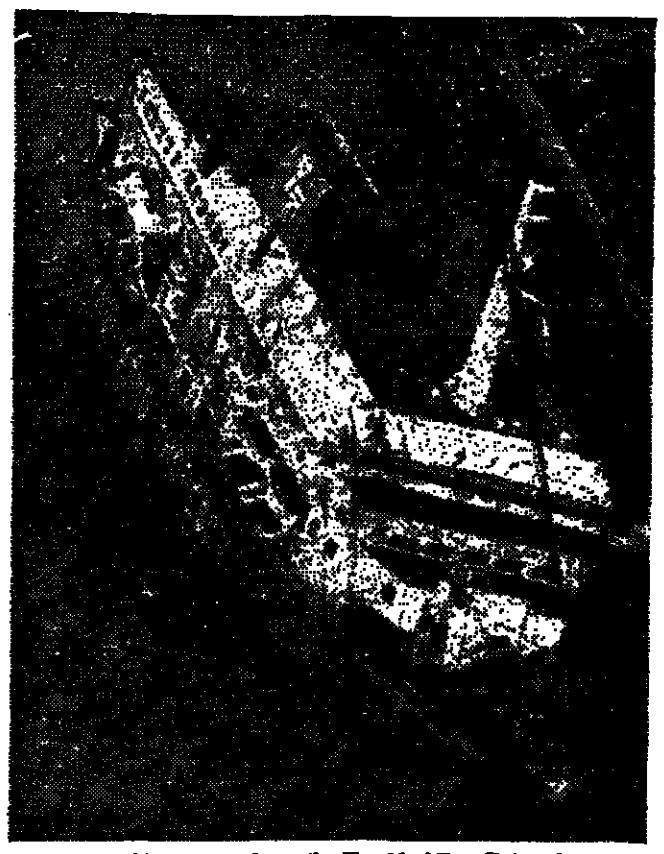
LETTER FROM THE CAPITAL OF THE MAFIA

Judge Giovanni Falcone's "maxi-trial" of mafiosi has done little to ease tensions in Palermo. Page 2

EUROPEAN NEWS



The capsized British car ferry, the Herald of Free Enterprise, spewing debris from its portholes, is winched upright in a mammoth salvage operation as divers prepare to go aboard to recover up to 140 bodies.

Belgian police said that the water-filled hulk of the ferry was in a near-vertical position *after day-long hauling effort, clearing the way* for the retrieval of corpses.

The bodies, nearly all Britons, are believed entombed in the ferry that flooded and keeled over on March 6 on a cross-Channel trip from Zeebrugge to Dover in south-east England.

As the vessel's submerged portside emerged from the water, salvage operators spotted several corpses pinned by furniture and other debris to the inside of walls and windows.

A mass of debris, including furniture and personal possessions, poured out from the vessel as it was winched slowly upright.

Chirac warns his coalition against criticism

BY DAVID HOUSEGO IN PARIS

MR JACQUES CHIRAC, the French Prime Minister, yesterday warned deputies of his own parliamentary coalition against criticisms of government policy that could hamper its action in the difficult year remaining before the presidential elections.

The warning came in a statement of policy by the Prime Minister introducing a vote of confidence debate at the beginning of the new session of parliament. Mr Chirac decided to seek a renewed vote of confidence as a way of harnessing his fragile majority to the yoke.

His remarks on avoiding damaging criticism were particularly directed at Mr Raymond Barre, the former Prime Minister, who will be Mr Chirac's rival in the presidential election and whose supporters have not concealed their distrust of Mr Chirac. But they were also intended to silence the openly aired differences between ministers and the disputes over policy that have *dogged the government in recent* months.

In an effort to weld together his majority more tightly Mr Chirac called for a vote that would mark an approval of policies over the past year, an acceptance of the Government's programme for the coming months and an adherence to its broad objectives of policy.

The new session follows the prolonged recess that Mr Chirac decided on in January when he adjourned parliament in the wake of the student demonstrations and public sector strikes. It now faces a crowded programme, including controversial legislation over New Caledonia, France's Pacific territory, more flexible working hours, and private sector construction of prisons.

Contrary to the government's practice in its first year of power, it intends to be more sparing in its use of emergency procedures to accelerate legislation which last year drew criticism from both opposition deputies and the President.

While Mr Chirac's own neo-Gaullist RPR deputies cheered his speech, his UDF centrist partners responded with only polite applause. Mr Jean-Claude Gaudin, the UDF parliamentary leader, said afterwards in the debate that the Government's majority "is solid and will remain so."

But he maintained the UDF's right to criticise, bringing home the point by calling on the Government to take stronger action to stimulate fixed capital investment. Mr Gaudin said the 1988 budget should include further tax relief for companies.

The Government was expected to have a majority on the vote of confidence.

EEC 'near toy safety standards agreement'

By William Dawkins in Luxembourg

EEC STANDARDS for the safety of toys could be agreed within the next three months, Mr Philippe Maystadt, the Belgian Minister in the chair of the Community's Consumer Protection Council, said yesterday.

The new rules would mean that existing products and the 60,000 new toys brought onto the European market every year would have to conform to essential safety requirements. Member states would be obliged to recognise each others' toy safety standards and offer free access to manufacturers conforming with EEC norms.

Speaking after a meeting of EEC Consumer Affairs Ministers, Mr Maystadt, Belgium's Economic Affairs Minister, said that enough progress had been achieved to make it possible for member states to vote through the European Commission's draft directive on toys at the next session of the Consumer Council.

That would be unusually fast progress for a proposal which was only put forward by the Commission last October. It is the second, and by far the most wide ranging, instance of the EEC's so-called new approach to setting industrial standards.

This aims to replace the massively long and detailed product laws of the past with streamlined regulations

Alan Friedman visits Palermo, home of the Mafiosi and scene of the heavily guarded 'maxi-trial' set inside the city's specially-built 'bunker' courtroom

Never say never in Mafia city

IT IS amazing how quickly one gets used to the sight of machine gun-toting carabinieri, helmeted soldiers wearing thick bullet-proof waistcoats and pistol-wielding policemen on the streets of downtown Palermo.

Perhaps it is sights such as these, the sounds of wailing sirens and the frequent reports of kidnappings, stabbings and robberies which explain why it always feels so good when the Alitalia DC-9 lifts off from the nearby Punta del Rais airport and climbs high above the Tyrrhenian Sea.

There is something tense about this decaying city, world capital of the Mafia: it is, however, less a tension borne of immediate danger, rather the sort of dull, grim and resigned tension associated with a long-term state of siege.

"We are in a war down here in Sicily," says my taxi driver as he creates his own fifth lane in an extremely narrow street and just misses a donkey-drawn scrap collector's cart. "And the Mafia will always win because at least they give people jobs," he adds, glancing in the rearview mirror to see if I get the point.

A few minutes later another Palermitano (as the locals are called) is telling me about the business of the Mafia and how it provides employment. This is no ordinary Palermitano, however, but the courageous 46-year-old Judge Giovanni Falcone, Italy's leading anti-Mafia magistrate and Sicily's most heavily guarded man.

The jovial and bearded Mr Falcone looks at ease in an office which is a steel-encased vault with tiny tinted bullet-proof windows. He leads the team which has already indicted 700 alleged Mafiosi, some 468 of whom are standing trial inside Palermo's specially-built "bunker courtroom."

Then, gathering up his papers and preparing to speed across town in his convoy of Alfa Romeo police cars, Judge Falcone comments on the preparatory work he is doing on the "political" Mafia trial, a potentially explosive trial which will trace what the magistrates call the "contiguous" links between certain politicians and the criminal organisation, including a former Palermo mayor accused of working with the Cosa Nostra.

Will the "political" trial include among its defendants any politicians currently in office? The bearded judge stubs out a slim cigar and rises to don his coat, explaining that he cannot comment on such matters. Then, as the thick steel door of the vault-like office is opened by a guard, he whispers: "But never say never."

It is evening now and outside, in the town centre, children are still playing in squalid alleys amid crumbling houses and broken glass. The local newspaper—Il Giornale Di Sicilia—screams out a headline about an 11-year-old boy murdered by the Mafia for knowing too much about a crime. Across town, in his 60 ft-long office at the palatial 15th century City Hall, mayor Leoluca Orlando is on the last lap of another 16-hour day.

"Luca," as the 39-year-old former law professor and anti-Mafia campaigner is known to his friends, comes bounding out of the office to meet guests, once again snarling the nerves of his *Capo di Gabinetto* (*chief of staff*) and other aides in the antechamber who wish the mayor would behave in a slightly more decorous manner and stay in his office to receive guests.

After a day which has seen the energetic mayor race about town for a variety of speeches, meetings with bankers, anti-Mafia prefects, regional and national politicians, he now looks exhausted. As the clock approaches midnight he is still in his office, meeting the son of a policeman slain by the Mafia.

Finally, with a weary smile, he says he is hungry and City Hall shuts down. We pile into his car, the lights flash and sirens sound as the police escort trails behind. Later, the mayor sits back after a meal of seafood and white wine at Palermo's Charleston Restaurant (Liberty-style decor, Tunisian waiters and a kitchen which stays open until 2 am) and talks about the Mafia maxi-trial.

"You know I personally signed the deposition which the city lodged in this trial claiming damages from the Mafiosi for what they have done to Palermo," says the young *Christian Democrat mayor.*

"We've got to clean this place up and make it more like a European city," he adds with a sigh. Then, as the restaurant empties, the tired mayor takes a sip of whisky and smiles grimly. "I had President Cossiga as a guest of the city recently and you know when he was here I called Palermo the capital of the Mafia in a speech.

"The problem is that the city is still precisely that."

Former VW foreign exchange chief held

By Andrew Fisher in Frankfurt

VOLKSWAGEN's former head of foreign exchange, Mr Burkhard ("Bobby") Junger, has been arrested in connection with the currency fraud scandal which has cost the West German car company up to DM 480m (£152.6m).

The state prosecutor's office in Braunschweigh, near the VW headquarters in Wolfsburg, said Mr Junger, 39, had been taken into custody, because it was thought he might leave the scene.

Investigators are still seeking Mr Joachim Schmidt, a foreign exchange broker who disappeared from his Frankfurt office a few weeks ago and has not been seen since.

They also want to talks to other Frankfurt dealers, though the prosecutor's office declined to name them. So far, VW's currency fraud has led to the resignation of Mr Rolf Selowsky, the finance director who took overall responsibility, the sacking of Mr Junger, and the suspension of six other employees.

Mr Junger has previously denied involvement in the fraud and said he intended to sue VW for wrongful dismissal.

Soares cautions on Portuguese crisis

President Mario Soares has told Portugal not to expect a rapid resolution of the political crisis cause dby the collapse of the conservative government last week, writes Peter Wise in Lisbon.

Mr Soares, who must call an early election or sanction a new govrenment, said he would not reach a decision until he had consulted party leaders and his top level advisory body, the Council of State. He will not be able to hear the council until Mr Anibal Cavaco Silva, the Prime Minister, returns on April 17 from Peking where he will sign a formal agreement on the return of Macao to China.

EEC 'stagnation'

Industrial production in the EEC was at the same level this January as it was in January 1986, the statistics office Eurostat said in a report published yesterday *Reuter reports from Luxembourg.*

Eurostat said the EEC industrial production index, which uses 1980 data to give a base of 100, stood at 103.9 in both months.

N-plant charges

Two managers of a controversial West German nuclear fuel processing plant are to go on trial next month on charges of illegally operating the facility, a court official said yesterday, Reuter reports from Hanau.

Three officials of the state of Hesse will also be tried on related charges of aiding and abetting the illegal operation of the Alkem plant at Hanau, east of Frankfurt, in contravention of regulations governing *nuclear fuel production,* the court official said.

Yugoslavs warned over loss-making enterprises

MORE THAN 2,000 Yugoslav enterprises employing almost 600,000 people made losses last year and about 200 could face liquidation soon, a member of the Presidency of the Confederation of Hrade Unions of Yugoslavia (CTUY) said yesterday, Reuter reports from Belgrade.

The official, Mr Dusan Kocoljevoc, said 2,306 firms made losses in 1986 and 200 were in "immediate danger of liquidation" because they failed to cover losses going back as far as 1985.

A bankruptcy law is to come into effect in July under which loss-making firms will have six months to recover their 1986 losses. Such firms will have to reduce their wages to the minimum level and those which fail to recover face liquidation.

Senior officials have been quoted recently as saying that the bankruptcy law's applications could cause further industrial unrest in Yugoslavia, which has already been hit by strikes over the past month in protest against a wage freeze.

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Stringent Irish budget faces union challenge

BY HUGH CARNEGY IN DUBLIN

THE IRISH Government's determination to pursue the stringent measures outlined in last week's budget will meet its first formal challenge today in a meeting between Mr Ray MacSharry, the Finance Minister, and public service trade unionists.

The unions have expressed hostility to Mr MacSharry's plan to freeze pay and jobs in the 187,000-strong public service from this June as part of a range of cost-cutting measures designed to close the gap between spending and revenue and reduce the burden of the I£24bn national debt.

Mr MacSharry and Mr Bertie Ahern, the Labour Minister, will argue with the public service committee of the Irish Congress of Trade Unions that the government pay and pensions bill this year of I£2.84bn represents a 5 per cent rise over 1986, which is ahead of inflation, and must be cut next year.

The unions, shocked by the severity of the budget, have warned of confrontation if the government does not soften its stance.

The Fianna Fail government's ability to make the budget stick is under close scrutiny. The toughness of the targets it set itself surprised many people, including a good number of Fianna Fail supporters, as there had been little or no hint of such a deflationary approach in the party's February election campaign.

If it is seen to stick to its guns, Fianna Fail is hoping the resulting market confidence should bring a cut in real

Ray MacSharry: budget plans facing opposition

interest rates, currently at more than 10 per cent, and an upturn in economic activity.

A decision at the weekend to revise cuts in home building grants, after a huge public outcry and at a cost of I£30m, last week dented that confidence.

However, a circular from the Department of Health halting health service recruitment, clear signals to Aer Lingus, the state-owned airline, not to pay a 5 per cent pay rise already recommended in arbitration, and government warnings of a return of local authority charges have bolstered the belief that Mr MacSharry means business.

Denmark to discourage shopping trips abroad

BY HILARY BARNES IN COPENHAGEN

DENMARK yesterday announced measures to discourage shopping trips to West Germany and other countries where taxes on consumer goods are considerably lower.

From yesterday, shoppers who spend less than 24 hours out of the country may only bring back goods worth DKr 275 (about £26) before becoming liable for duties and taxes at the border. The previous limit was DKr 2,800.

At the same time, Mr Isi Foighel, the Danish Taxation Minister, proposed abolishing purchase taxes on a variety of items, including radios, loudspeakers, record players, videotapes, food mixers and microwave ovens. This will reduce the price in the Danish shops by 5 to 10 per cent.

To compensate for the revenue shortfall, the registration tax on four-wheel-drive cars and small pickup trucks will be increased to bring them into line with the taxes on ordinary cars.

An earlier plan to reduce the tax on petrol, which costs DKr 3 per litre less in Germany, had to be dropped as the result of opposition within the government coalition.

The Government hopes to rush the new tax measures through the Folketing this week.

● Mr Poul Schluter, the Prime Minister, yesterday put forward a plan to increase defence spending by DKr 400m in 1988 and by DKr 400m more over five years. The money will be used partly to increase the number of conscripts by 2,500 a year and partly to renew obsolescent equipment.

The opposition Social Democratic Party, on which the Government relies for a majority on the defence budget, has said that it will under no circumstances agree to increased defence spending. If the Government and the opposition do not agree, it will end the post-war consensus on the defence budget.

Turkish far-right leader jailed for 11 years

BY DAVID BARCHARD IN ANKARA

A FORMER Turkish deputy prime minister, Mr Alparslan Turkes, was given a jail sentence of 11 years and one month in an Ankara martial-law tribunal yesterday at the end of a trial lasting just under six years.

The verdict, however, will be taken as something of a vindication by the court of the pre-1980 Nationalist Action Party which Mr Turkes lead and which was on trial of atempting to stage an armed insurrection.

Out of 235 defendants sentenced and 145 acquitted, five death sentences and five sentences of life imprisonment were handed out. These, however, went to relatively minor figures among the accused, with most of the party leadership being acquitted.

Mr Turkes will automatically be allowed to appeal against his sentence and it seems unlikely that he will be expected to return to prison as he has already served more than four years in a military jail.

The Nationalist Action Party, which preached a radical form of far right-wing nationalism, was frequently accused by its opponents of being neo-Fascist and of plotting political murders and violence.

It became internationally notorious for its youth wing, who called themselves "Grey Wolves," and greeted Mr Turkes at rallies with mass baying.

Mr Mehmet Ali Agca, the convicted assailant of Pope John Paul II, is widely thought in Turkey to have come from the Grey Wolves.

Though the Nationalist Action Party was shut down by the military, along with all other parties, in October 1981, it has been reformed under the name of the Nationalist Work Party without any action being taken by the authorities.

One wing of the ruling Motherland Party of Mr Turgut Ozal also consists of former supporters of Mr Turkes.

Finland asks mediator to explore coalition options

BY OLLI VIRTANEN IN HELSINKI

FINLAND'S President Mr Mauno Koivisto has in a surprise move requested Mr Esko Rekola, a former prominent Cabinet minister, to explore options for a wide-based coalition government.

President Koivisto still prefers a coalition between the three biggest parties, the Social Democrats, the Conservatives (Kokoomus) and the Centre Party. This, however, seems unlikely because the SDP has indicated a strong willingness to stay in opposition.

The March 15-16 elections produced a big upswing for the Conservatives, who advanced to 53 seats from 44, and a moderate surge for the Centre Party which moved up to 40 from 37 in the 200-member parliament.

The Social Democrats, the country's biggest party, dropped only one seat under Finland's system of regional proportional representation and now hold 56.

But they lost 100,000 votes in the process and Mr Sorsa, the party chairman, said afterwards they needed time in opposition to re-think and re-group.

Mr Rekola's appointment as a mediator was a compromise in a difficult political situation which would normally have called for the speaker of the parliament to undertake the task and possibly also become prime minister.

The new speaker is Mr Ilkka Suominen, chairman of the Conservatives, who have been in opposition for more than 20 years and will probably not lead a government.

Belgium to introduce widespread smoking ban

SMOKING WILL be banned in most enclosed public places in Belgium, one of Europe's biggest tobacco-using nations, from September 1, Reuter reports from Brussels.

Mrs Wivina Demeester, Public Health Minister, told a news conference that a law designed to protect the health of smokers and non-smokers alike had just been signed by King Baudouin.

It will ban smoking in places such as schools, hospitals and rest homes, railway booking halls, waiting rooms, and cultural and sports centres owned by public bodies. Offenders will be liable to fines of up to BFr 18,000 (£293).

A few exceptions will be allowed in buildings where it is possible to provide separate facilities for smokers and non-smokers.

Tobacco industry sources said the average Belgian smokes more than his counterpart in any other EEC state except Denmark.

Consumption per head in 1985 averaged 1,918 cigarettes, 70 small cigars, 12 large cigars and 723 grammes of pipe tobacco. About one in three Belgians smokes.

Advertisements for cigarettes in Belgium have to carry a warning that tobacco damages health.

Paul Betts reports on the background to continuing upheaval in French broadcasting

'Bouygues Bang' fails to end TV soap opera

"Le Bouygues Bang." That was the headline yesterday across the front page of the French socialist daily Le Matin after the surprise victory of Mr Francis Bouygues, the construction magnate more popularly known as the country's Cement King, in the year-long battle for control of TF-1, the leading French national television channel.

The pun neatly summed up the climax of what has been 12 months of major upheaval for the French broadcasting industry. Indeed, during the past year this key sector of French social, political and economic life has experienced as much if not more change than the Bourse and the country's financial markets with their own "Big Bang." Although deregulation of the French radio and television industry was launched by the former Socialist administration the pace of reform was dramatically accelerated by the conservative government of Mr Jacques Chirac when it took power just over 12 months ago.

At the centre of the right's programme was the privatisation of TF-1, the oldest and biggest of the country's three state television networks and hence an eloquent symbol of the new government's liberal zeal. But the programme also included the creation of a new communications commission called the CNCL and modelled on the US Communications Commission.

It also involved, before the privatisation of TF-1, the redistribution by the new commission of the concessions to operate the two private television networks launched by the Socialists—the so called Fifth Channel or La Cinq, and the Music Channel, known as La Six.

With the granting of TF-1 to Mr Bouygues and his partners—who include the UK's Robert Maxwell—the conservative government's broadcasting reform has now been broadly set into place a comfortable year ahead of the presidential elections of May 1988.

The Government has argued that the reform reflects the need to adapt the French broadcasting sector to the sweeping changes taking place in the communications industry as a result of satellite cable and other new technologies and the new and growing demands of consumers.

At the same time it has attempted to disguise only very superficially the fact that the reform was a highly political affair, as everything which touches on French television always has been.

President Francois Mitterrand and the former Socialist government had stolen a march on the opposition when they launched the two private commercial television networks—the Fifth and the Sixth—as well as France's and Europe's first pay television channel, Canal Plus.

The new private networks were regarded as an effort by the left to neutralise in part the impact of the state television system falling back into the hands of the right when it returned to government, as was expected, in March 1986.

The right therefore decided to cancel the concessions granted to the Fifth and the Sixth. After a bidding competition in which the outcome was never much in doubt, close associates of Mr Chirac's RPR neo-Gaullist party gained control of these two networks. Mr Robert Hersant, the right-wing press baron and owner of Le Figaro, who had long been "promised" a network by the right, has taken over the Fifth in partnership with Mr Silvio Berlusconi, the Italian television entrepreneur.

Francis Bouygues: the surprise victor

The Lyonnaise des Eaux, private water utility company, whose chairman Mr Jerome Monod is a former secretary general of the RPR, won in partnership with the Compagnie Luxembourgeoise de Telediffusion the concession for the Sixth Channel, which has already been transformed from a specialised music and pop network into a general interest channel.

In the meantime, the heads of the state networks were replaced with new chairmen close or sympathetic to the government while the privatisation of TF-1 was launched.

An Antenne-2 staff member said: "The reform can be seen as a quite transparent effort by the Government to neutralise the private networks and the privatised TF-1 channel by granting control to friends or major groups with a multinational approach while tightening direct control of the other channels remaining in state hands."

Antenne-2, which is going on strike today because of alleged state interference in its programming, is together with the FR-3 regional network staying in state ownership.

With its advertising revenues declining after the privatisation of TF-1 and the increasing competition in the domestic television advertising market, the channels remaining in state hands are expected to become more dependent on state funding.

But the overtly political nature of the broadcasting reform finally appears to have undermined the efforts of Hachette, the country's leading publishing group, to secure control of TF-1. From the beginning, Hachette was regarded as the frontrunner for TF-1 and the company favoured by Mr Chirac and the RPR. But the general public perception that the result of the TF-1 competition was settled even before the bidding started seems to have cost Hachette and its partners the network.

After facing widespread public criticism over its decisions in reallocating the concessions for the Fifth and Sixth channels, the CNCL commission clearly felt the need to give a demonstration of independence.

Not that the French Cement King is unsympathetic to the government. Mr Bouygues has long been a supporter of the right and of Mr Chirac. Moreover, this forceful self-made man who has built up in barely 30 years the world's biggest construction group, from the beginning indicated he planned to fight hard to win TF-1. With an impressive lobbying campaign, matching the successful campaign he mounted in France to ensure victory for the Eurotunnel consortium in the Channel fixed link battle, Mr Bouygues put the heat on the CNCL, threatening to take the issue to the Council of State if Hachette won.

It took less than 24 hours for the commission to announce its choice at the weekend. A jubilant Mr Bouggues went to his new studios on Saturday claiming that the victory was one of the biggegst satisfactions of his professional life. He will become on April 16 chairman of the network for which he and his partners will pay FFr 3bn (£305m) for a 50 per cent controlling stake, with the remaining 40 per cent being sold to the public and 10 per cent going to the network's staff.

But the dramatic and unexpected finale at the weekend of the batle for France's leading state television network is not expected to be the end of the French television saga. Like all good soap operas, the show will go on.

OVERSEAS NEWS

Top army commanders warn Thai politicians

BY PETER UNGPHAKORN IN BANGKOK

THAILAND'S ARMY commanders have warned politicans not to continue a campaign of criticism against Gen Prem Tinsulanonda, the Prime Minister, and the military.

The warning was issued this week by Gen Pisit Hemabutr, the deputy army commander, when 500 generals and other senior army officers visited one of the targets of criticism, Gen Chavalit Yongchaiyudh, the army commander in chief, in a show of unity and support unprecedented in recent years.

The army has long played a key role in Thai politics, and its backing for the current civilian government is considered essential for the continuation of civilian rule in the country.

Gen Pisit asked his commander to review an order instructing the army to remain impassive under criticism. Gen Chavalit's reply was ambiguous. He said whatever happened would "be for the good."

The warning to politicians implies army top brass may be considering a coup d'etat among other options, though it could be more of a threat than an intention. Some analysts argue that the strong military reaction could backfire, leaving the increasingly powerful civilian elite more sympathetic towards the critics.

Chavalit — centre of controversy

The political temperature has been rising over the past few weeks as the April 1 opening of the new parliamentary session approached. Opposition parties have been gathering complaints against a number of ministers and are due to table a no-confidence motion, today, probably against the whole Cabinet, but possibly excluding Gen Prem. Government parties are split, but a government defeat seems unlikely.

The army has no objections to criticisms targeted at elected ministers, but when opposition politicians started criticising the Prime Minister, and the army commander, indignation was aroused.

On April 1, Mr Kukrit Pramoj, a former Prime Minister, accused Gen Prem of being idle. Worse, he suggested, Gen Chavalit was under the influence of a Marxist-Leninist and intended putting Thailand under a "Communist-type" system with the monarchy at the head.

Mr Kukrit Pramoj was a founder of the Social Action Party (SAP), a member of the government coalition, but is now closely identified with opposition MPs.

The former prime minister's charge against Gen Chavalit arises because Gen Chavalit and a handful of the Prime Minister's closest aides have manoeuvred themselves into positions where they could control most important areas of policy. Gen Prem himself took control of ISOC.

Gen Chavalit, an unlikely left winger in a staunchly anti-Communist environment, argues that his policy of granting amnesties to Communists has almost wiped out the insurgency and he insists the Communist defector who advises him is no longer a Communist.

Iran starts fresh push east of Basra

By Our Middle East Staff

AFTER A lull of a month the Gulf conflict flared again yesterday. Iran claimed its forces had penetrated Iraqi lines to a depth of a mile east of Basra, the main focus of intense fighting in January and February.

The official Islamic Republic News Agency in Tehran said that 2,600 Iraqi troops had been killed or wounded in the attack code-named "Kerbala-8."

Analysts of the war which started six and a half years ago were unclear whether the resumption of the fighting on the critical southern front was a probe testing Iraqi defences or presaged a resumption of the sustained offensive which earlier this year brought the Iranians to about six miles from Basra, Iraq's second city.

Tehran Radio interrupted normal programmes to play martial music. It also broadcasted a recorded address by Ayatollah Khomeini, spiritual leader of the regime, in which he said: "The Iranian nation must maintain its resolve, it has already maintained its resolve. It must advance, it is advancing."

Iraq acknowledged that a new assault had taken place with its verbal riposte on Baghdad Radio to the effect that the "Al Ghadeer Brigade of Iranian Revolutionary Guards and the 21st Brigade had been destroyed."

The resumption of ground fighting coincided with celebrations in Iraq of the 48th anniversary of the ruling Arab Baath Socialist Party which seized power in a coup in 1968. Yesterday morning President Saddam Hussein addressed a rally in the northern city of Mosul.

Tehran Radio said that the attack was in retaliation for renewed Iraqi attacks on its oil traffic in the Gulf. The explanation appeared to be a direct reference to attack on Cyprus-registered tanker on Sunday employed on the shuttle from Kharg Island, Iran's main oil terminal, to the transhipment point at Sirri and Larak Islands.

Baghdad yesterday reported fresh air attacks on Sirri and Larak Islands. It also said that off-shore oil fields in the north of the Gulf — Cyrus, Nowruz and Adeshir — had been raided.

Replacing the Kabul regime has become chief stumbling block

Afghan solution remains elusive

BY ROBIN PAULEY, ASIA EDITOR

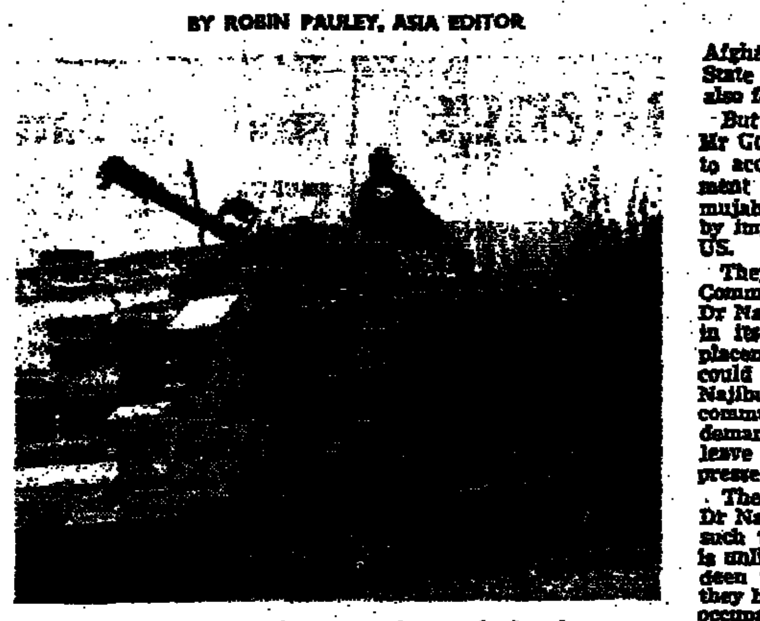
THE COMPOSITION of a future coalition government of Afghanistan has replaced the timetable for Soviet troop withdrawals as the main stumbling block to ending the eight-year military occupation of the country.

Mr Mohammad Khan Junejo, Prime Minister of Pakistan, has been making optimistic comments during his current visit to Britain, but it is clear that he is referring to the programme for troop withdrawals and not to the composition of a future government.

Pakistan has been thrust to centre stage over the Afghan conflict because the mujahideen fighting the Soviet occupation are based on the Pakistani side of the frontier with Afghanistan and because Pakistan has accepted around 3m of the 5m refugees from the conflict, a responsibility which is becoming increasingly burdensome.

At the last round of peace talks in Geneva last month the gap over troop withdrawal narrowed. Moscow cut its estimate of the time they needed to get out from four years to around 18 months; the Pakistanis increased their idea of a reasonable time from four months to about seven.

Mr Junejo and the party travelling with him to Britain this week have indicated that it should not be difficult to settle at around nine months, and certainly "within a year from starting," when the Geneva talks resume.



A Soviet military pullout is no longer the key issue

Mr Junejo and Mrs Margaret Thatcher, the British Prime Minister, appear to be in complete agreement over both the need for a shorter withdrawal timetable than proposed by the Soviets and over the need to insist beforehand on an acceptable form of non-aligned government to replace the present Soviet "puppet" administration led by Dr Najibullah.

Mrs Thatcher has told Mr Junejo that Mr Mikhail Gorbachev convinced her during her recent visit to Moscow of his sincerity in wanting to pull the 115,000 Soviet troops out of Afghanistan, a view [illegible] State Department [illegible] also formed in recent [illegible].

But it is far from [illegible] Mr Gorbachev will be [illegible] to accept the form of government desired by Pakistan, the mujahideen, the refugees [illegible] by implication, Britain [illegible] US.

They are demanding [illegible] Communist-led government of Dr Najibullah must be [illegible] in its entirety and [illegible] placement coalition [illegible] could certainly not [illegible] Najibullah and possibly [illegible] communists. It is possible [illegible] demands for Dr Najibullah to leave the country [illegible] pressed.

The Soviets, having installed Dr Najibullah, could not accept such terms and Mr Gorbachev is unlikely to allow the mujahideen to march home to claim they have driven out the Soviet occupation, the government, the Communist People's Democratic Party of Afghanistan all at one stroke.

A compromise being [illegible] privately by the Pakistanis and with which the British have some sympathy is a very broad coalition government of all parties including the Mujahideen and the Communists but not Dr Najibullah, under a neutral and universally acceptable figurehead leader.

Mubarak party set for big win

By Tony Walker in Cairo

PRESIDENT Hosni Mubarak's centrist National Democratic Party is headed for a big win in Egypt's parliamentary election amid opposition recriminations about the intimidation and ballot rigging by the authorities.

The NDP, which won 391 of 448 elected seats in the 1984 election was expected to retain a comfortable two thirds majority in the new parliament.

Interest was focusing on which group would emerge as the main opposition to the NDP. The Muslim brotherhood in alliance with the socialist Labour Party and Liberals appeared to be doing better than the right of centre New Wafd Party, according to latest returns.

Mr Fuad Seraggedin, the 78 year old leader of the New Wafd, described the elections as the worst in Egypt's history.

Tokyo approves framework to boost domestic economy

BY CARLA RAPOPORT IN TOKYO

JAPAN'S ruling Liberal Democratic Party yesterday approved the framework for a set of stimulatory economic measures aimed at boosting the domestic economy and reducing international trade tensions.

The package was approved only hours before Mr Kiichi Miyazawa left for Washington to attend the G5 and G7 meetings of finance ministers of the leading industrialised countries.

The framework, which still has to be approved by the Ministry of the Finance and the Diet (Parliament) is not expected to go a long way toward appeasing Japan's main trading partners. Only sketchy details emerged yesterday, but it appears that the LDP's pump-priming recommendations are very similar to measures taken each year for the past several years. These include front-loading some 80 per cent of the Government's public works projects into the first six months of the year and preparing a supplementary budget for the autumn.

The LDP's recommendations do not appear to depart from Japan's firm commitment to fiscal austerity, but government officials yesterday were at pains to say that the wording of yesterday's announcement does indeed indicate a first step toward a loosening of fiscal policy. It appeared, however, that the so-called "minus ceiling" formula was left intact. Aimed at reducing the country's huge national deficit, this formula requires each government department and agency to expect a lower budget allocation each year until the budget is balanced.

Political changes likely in Sierra Leone

By Peter Blackburn in Abidjan

THE reported house arrest of veteran ex-president Siaka Stevens of Sierra Leone and first vice-president Francis Minnah last weekend following investigations into a foiled coup attempt two weeks ago shows that President Joseph Momoh may finally be breaking with the old political order.

Mr Siaka Stevens, now 83, retired after 17 years rule to a specially built palace on Juba hill in freetown 18 months ago but remained chairman of the ruling All People's Congress.

The euphoria which greeted President Momoh's election in October 1985 has evaporated as he has failed to make political or economic headway in trying to reverse the long period of decline. The Government also has remained top heavy with many prominent personalities

Hussein appeals to EEC to push Mid-East peace

BY QUENTIN PEEL IN BRUSSELS

KING HUSSEIN of Jordan has appealed to the European Community to use its influence with both the US and Israel to promote the idea of an Arab-Israeli peace conference in the Middle East.

At the same time pressure is building up on Britain not to allow its suspended diplomatic relations with Syria to stand in the way of the current peace initiatives in the region.

King Hussein yesterday met Mr Leo Tindemans, the Belgian Foreign Minister currently in the chair of EEC Council of Ministers, and Mr Wilfried Martens, the Belgian Prime Minister, to co-ordinate strategy for the peace conference, now backed by the Community.

Mr Tindemans, who will set off on a tour of Middle East capitals later this month in an effort to bring the sides closer together, said the Jordanian ruler had urged the EEC to "fulfil its vocation" in contacts particularly with the US and Israel. Both governments are still hesitant about the role and participation at any conference.

The other government still opposed to the idea is Syria, although Mr Tindemans said he believed President Assad was now more flexible than he had been. King Hussein held talks with the Syrian president last Friday.

Syria is the one key Middle Eastern country in the Arab-Israel conflict not included on Mr Tindemans tour—he is going Saudi Arabia, Egypt, Jordan and Israel itself—but he insisted yesterday that he was not debarred by the EEC ban on Ministerial contacts with Damascus.

Chalker to tackle Ethiopia rights issue

By Michael Holman

THE SENSITIVE issue of linkage between human rights and aid to Ethiopia will be among the subjects to be tackled by Mrs Lynda Chalker, minister of state at the UK Foreign Office, when she starts an eight-day visit to the Horn of Africa tomorrow.

Ethiopia's policies of resettling up to 1.5m people from drought-hit areas of the country and also regrouping families under a "villagisation" programme have been criticised in the west — the former on the grounds that some of the resettlement moves have been enforced by the government.

Mrs Chalker is also due to visit Somalia and Kenya, where among the subjects likely to be raised with President Daniel arap Moi is allegations of human rights abuses

AMERICAN NEWS

Shultz to seek Soviet view on total N-test ban

BY LIONEL BARBER IN WASHINGTON

MR GEORGE SHULTZ, US secretary of state, intends to explore a posible shift in the Soviet Union's demand for a total nuclear test ban during his talks in Moscow next week.

The Soviets have made a total test ban a centrepiece of their arms control proposals, partly because of its high propaganda value. But the US has consistently argued that nuclear testing is essential as long as there are nuclear weapons.

Under a new soviet proposal outlined to US officials last month, Moscow would postpone the goal of a complete ban in favour of new limits on the size and number of nuclear tests.

The apparent shift comes shortly after the Soviets resumed nuclear testing, ending a 19-month moratorium which failed to provoke a similar US response.

The New York Times reported yesterday that the Soviet proposal had sparked a debate in the Reagan Administration. Some senior US officials such as Mr Shultz were keen to explore possible Soviet flexibility. More hawkish officials insist that the Soviets first agree to additional verification measures under two as yet unratified treaties drawn up in the 1970s.

Arguments over verification — which looms large in the current superpower Intermediate Nuclear Forces (INF) talks aimed at eliminating medium-range missiles in Europe — have been a stumbling block to ratification of the treaties.

Moscow's new position appears to take into account the resumption of testing and scepticism about the test ban treaties and, crucially, the issue of verification in Congress. As such, it may be linked to progress in the INF talks which will also be discussed by Mr Shultz.

During the past few weeks a number of American political figures have voiced doubts about the goal of the INF talks—the so-called "zero option" which eliminates all medium-range missiles in Europe leaving 100 on each side, stationed in Asia and the US.

They oppose the proposed deal because it "decouples" Europe from the US, breaking the link created by the initial deployment of Pershing missiles and exaggerating Soviet superiority in short-range missiles and conventional forces.

Congress arm urges farm credit system takeover

BY NANCY DUNNE IN WASHINGTON

The nonpartisan General Accounting Office (GAO) the investigative arm of Congress, yesterday recommended a federal takeover of the $70bn (£44bn) Farm Credit System, (FCS) which it said is now "paralysed because of litigation and confusion."

The Farm Credit Administration, the regulator of the co-operative system of local credit associations and land banks, has acknowledged current losses of about $1bn a month. Almost one-quarter of the system's loans are in non-accrual or high-risk assets, and borrowers are leaving its institutions at a rate of about 13,000 a month.

In testimony before a House agriculture subcommittee yesterday, Mr Charles Bowsher, GAO comptroller general, recommended creation of a federal control board, like the board which oversaw the government's loan guarantee programme, which would oversee a rescue costing "billions of dollars."

The board would be composed of high-level officials of federal agencies, headed by a chief executive officer who would take control of the system's operations and develop a consensus about long-term structural reform of the FCS, retaining at the same time the mission of the FCS to provide a stable flow of credit to farmers.

Brazil's car producers sign accord on exports

By Ana Charters in Brazil

THE Brazilian Ministry of Finance and the national vehicle manufacturers association Anfavea, have signed a protocol in which the car manufacturers committed themselves to exports of $7.2bn (£4.5bn) and investment of $1bn, in exchange for flexible pricing and a gradual cut in Federal taxes on the retail vehicle price.

The occord represents a new approach to promoting exports and advancement.

Mr Andre Beer, Anfavea's president, said that the three-year export target was viable based on a projected $2.2bn in exports for this year and a 10 per cent increase in 1988 and 1989. Car, truck and tractor manufacturers participated in the agreement which includes a minimum targeted trade surplus of $4.5bn for the industry after imports are deducted.

The proposed $1bn in investments includes investment under way and a reactivation of investment plans that have been suspended due largely to price controls on the industry.

On pricing, the first step is an increase of up to 15 per cent expected this week, as part of a recuperation in margins between cost of production and retail prices. The intention of the accord is to offset increases to manufacturers by a corresponding reduction in government taxes charged at retail, so that vehicle prices to consumers remain roughly the same and not depress sales.

Unlike former pricing practices which required prior government approval, manufacturers are free to increase their prices every 30 to 40 days, submitting to the Inter-Ministerial Price Council new cost structures, justifying the increase, as well as an outside auditor's opinion.

On the debt front, President Jose Sarney created a presidential advisory commission on the foreign debt negotiations, subordinate to the Minister of Finance, but headed by an ambassador at large. The purpose of the 10-member commission is to negotiate the debt in a new form which Mr Dilson Funaro, Minister of Finance, hopes to create after his visits with international financial authorities and bankers this week in Washington.

Ministers focus attention on key indicators

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE TERM "indicators" first surfaced in the obscure jargon of international economic policymaking only a year ago. Now, as finance ministers from industrial nations meet again at the International Monetary Fund (IMF) it has become established as the buzzword in their efforts to strengthen economic co-operation.

Indicators are essentially a guide to past, present and likely future trends in the largest western economies. When finance ministers and central bankers from the Group of Seven nations meet here today they will be looking at a set of IMF figures covering last year, this year, and next.

They concentrate on trends in six key areas — economic growth, inflation, trade and current account positions, exchange rates, interest rates and monetary conditions, and budgetary positions.

The impetus for the establishment of what in a sense is simply a set of rather elaborate economic forecasts came with the perception in 1985 that reversing the major imbalances in the world economy would demand a greater convergence of economic performance.

Above all, there was a realisation that a fall in the dollar would not of itself be enough to turn around the huge and growing US current account deficit and to erode the parallel surpluses in Japan and West Germany.

Indicators would focus the attention of each government on the international implications of their economic policies and, in particular, the contribution of those policies to the creation of a more substantial pattern of balance of payments positions.

Over the past year economists at the IMF have been developing an analytical framework to highlight the tensions between trends and policies in the major economies and illustrate the implications for current account balances and for exchange rates.

By looking, for example, at savings and investment patterns in the US, the economists can make an educated guess of the likely impact on the dollar and the US trade position of reductions in its budget deficit. They can also suggest the balance of policies which will be needed in the other major economies to ensure that such action in the US does not tip the world economy into recession.

If there is wide agreement among governments, however, that the indicators provide a useful starting point for enhanced co-operation, there is far less on where they should go from there.

In the US, the indicators are increasingly viewed as having a prescriptive as well as a descriptive role. Backed by France, the Washington administration sees them as the basis for the establishment of a more formalised system of international co-operation.

Coining yet another piece of jargon, officials in the US administration are talking of translating the indicators into "norms," a deliberately soft way of saying targets.

Instead of simply reviewing the expected trends in their economies and the implications for international imbalances, governments would establish desirable norms for key indicators such as growth and current account balances.

If performance did not live up to those norms then there would be automatic consultations, with pressure on countries which were not meeting their targets to change the direction of policy. Both Washington and Paris see such a system as a mechanism to ensure that the burden of reducing the imbalances falls more evenly on surplus as well as deficit countries.

In London, Bonn and Tokyo, however, US pressure to establish such norms is viewed with a mixture of scepticism and alarm. Policymakers in those cities are dubious whether the indicators already established can be treated as anything more than fallible economic forecasts.

More importantly, they are wary about any move in the direction of what could be seen as a system of target zones for exchange rates.

Their argument is that the US in particular has to provide far more evidence of its ability to live up to existing commitments —especially to reduce its budget deficit—before they could think of accepting additional obligations in framing their policies.

The opponents are aware, however, of the US Administration's need to produce an apparently endless stream of new initiatives to curb protectionist pressure in Congress.

That means that some agreement on additional use of indicators — if not a token acceptance of norms—might be in place in time for June's world economic summit in Venice. If it is, it will almost certainly be vague and based, as one European official commented last week, on "the lowest common denominator."

Decline in Cuban sugar

By Margarita Zimmerman in Havana

CUBA'S sugar harvest is running 800,000 tons behind schedule due to heavy rains, according to President Fidel Castro. He said that seasonal rains had caused frequent interruptions and halted mills.

Sugar continues to be the mainstay of the economy. But for the past three harvests the production target of around 9m tons has not been met.

President Castro made his statement at the closing session of the congress of the 600,000 member Union of Young Communists, when he reviewed Cuba's economic problems. This year, he said the country's hard currency imports were limited to $650m.

A central issue debated during the five-day congress, chaired by President Castro, was youth employment. Several delegates mentioned figures for "undesirables" (the term applied to unemployed school leavers or drop-outs) in their municipalities that would suggest the national total for unemployed might be as high as 100,000.

De la Madrid visit aims to ease tension with Guatemala

BY ANSON NG IN GUATEMALA CITY

MR MIGUEL de la Madrid, the Mexican President, arrives in Guatemala today for a two-day official visit aimed at strengthening diplomatic and commercial ties between the two countries.

This is the first visit by a Mexican President for more than a decade. Mr de la Madrid, accompanied by eight cabinet ministers will have several hours of talks with Guatemalan counterparts on a broad range of subjects including trade, technical co-operation, security and tourism, which will culminate in the signing of 10 protocols.

Friction between the countries, fanned by fears of Mexican dominance, and Mexico's sympathy for Guatemalan rebel movements, became particularly acute in recent years when the Guatemalan army raided refugee camps in Mexico in persuit of guerrillas.

Tensions were eased in 1984 when Mexico decided to resettle the Guatemalan refugees away from the border areas.

Although the Guatemalan military believes that the guerrillas used the refugee camps as "rest and recreation havens," Christian Democrat President Mr Venicio Cerezo, elected to office in January 1986, appears willing to bury the hatchet.

Discussions will focus instead on ways of allowing the voluntary repatriation of the estimated 40,000 refugees who are still reluctant to leave Mexico because of poor living conditions and fear of army persecution in Guatemala.

The two leaders will also compare notes on the stalled Contadora peace process, in the run-up to the Central American Presidential Summit scheduled for June.

Mexico is interested in the outcome of Mr Cerezo's recent trip to the four Central American countries and his views on the alternative peace plan proposed by Mr Oscar Arias, Costa Rica's President, which has not received Mexico's blessing.

The neighbouring countries are more mutually dependent following the escalation of tensions in Central America. Mexico regards Guatemala, which professes to hold an "active neutrality" policy, as a buffer against further US intervention in Central America, while Guatemala relies on Mexico to help monitor the 1,000 km border against guerrilla incursions.

Mexico also provides Guatemala with oil supplies on easy payment terms and some development aid through the Central American Bank of Economic Integration.

In Mexican trade priorities Guatemala ranks after the US and Japan. Yet, just over 1 per cent of Mexico's exports goes to Guatemala while Mexico accounts for less than 0.1 per cent of Guatemala's exports.

Mexico has traditionally had a trade surplus with Guatemala. In 1985 Mexico's trade surplus was over $113m

Despite Mexico's agreement to reduce tariffs on Guatemalan imports, Mexican officials believe that it is difficult to rectify the trade imbalance as Guatemala has few products to offer Mexico. In a further bid to boost bilateral trade Mexico and Guatemala are due to sign a new protocol guaranteeing reciprocal trade credits of about $10m each.

Threat of strikes in Jamaica

By Canute James in Kingston

MR MICHAEL Manley, leader of the Social Democrat Peoples National Party (PNP), has threatened to stage "the most massive demonstrations ever" in the next few weeks to support the party's efforts to force Mr Edward Seaga, the Jamaican Prime Minister, to call a general election.

The Government, however, has given warning of likely political violence because of the demonstrations, raising the possibility of clashes between factions of the PNP and of the conservative Jamaica Labour Party (JLP), led by Mr Seaga.

Mr Seaga has repeatedly refused to agree to Mr Manley's demand for an election, which is not constitutionally due until December of next year.

The PNP's enthusiasm for the vote has been fired by a handsome win in municipal elections last July.

Mr Manley had promised to begin the PNP's demonstrations at last week's opening of the new parliamentary year, but this was cancelled when he became ill.

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WORLD TRADE NEWS

Hong Kong defends 'grey market' in Japanese chips

BY DAVID DODWELL IN HONG KONG

THE Hong Kong Government responded yesterday to US allegations that the territory was the main "grey market" for the sale of cut-price Japanese semiconductor chips by in effect telling the US Administration to mind its own business.

Mr Michael Sze, Hong Kong's Director of Trade, insisted that it was up to individual countries to decide whether importing cheap electronic components is detrimental to its local industry. He added that US efforts to monitor third-country markets amounted to interference in Hong Kong's bilateral trading relations.

Officials acknowledge that in a free-trade market like Hong Kong, local electronics manufacturers can and do buy microchips for less than the $3 per chip that the US says is a fair price.

US officials have focused on Hong Kong in their efforts to demonstrate that Japanese manufacturers have been contravening the controversial US-Japan chip pact, agreed last July. This agreement was intended to answer the complaints of US electronics manufacturers that Japanese competitors were "dumping" their memory chips in the US market.

Washington is poised to impose sanctions against Japan for its alleged failure to curb the dumping of semi-conductors and to open its markets to foreign chip producers.

The spotlight turned on Hong Kong just over two weeks ago when Oki, a leading Japanese electronics company, was apparently caught selling memory chips to a Hong Kong-based buyer for less than two-thirds of the $3 "fair price."

Hong Kong electronics companies admit that they buy chips below $3. Mr David So, who heads Elec and Eltek of Hong Kong, commented: "Japanese manufacturers have been very aggressive once they have decided to win a particular market share. But there are no political factors behind who we buy from. Hong Kong is an open market, and we buy as cheaply as we can.

"US manufacturers have no right to try to influence what we are doing. The price we pay is linked to the size of the order, the length of time we have been buying from a supplier, and the quality of the product. Over the past two years, Japanese suppliers have been very flexible."

Hong Kong appears to be a leading buyer of cut-price memory chips partly because it is a free market, and partly because it makes very few chips of its own. Imports of microchips amounted to $987m (£610m) last year, with about 35 per cent coming from Japan.

Mr Sze said yesterday that the Hong Kong Government doubted the validity of the US chip pact, and was among those countries that had challenged it in the General Agreement on Tariffs and Trade (Gatt).

Costain in A$1bn coal deal

BY MAURICE SAMUELSON

COSTAIN AUSTRALIA, a subsidiary of the UK Costain civil engineering and mining group, has won what it claims is Australia's most valuable opencast coal mining contract.

The New South Wales Government has awarded it a 14-year contract to mine more than 50m tonnes of coal, worth more than A$1bn (£438m), in the Hunter Valley.

The coal is in the Ravensworth mine, one of the largest in New South Wales, which supplies between 20 and 25 per cent of the fuel used by the state's Electricity Commission.

Costain Australia, 67 per cent-owned by the Costain Group, won its first contract to develop the mine in 1967 and has supplied more than 53m tonnes of power station coal since starting production 15 years ago.

To implement the new contract, Costain will invest more than A$100m in new plant and infrastructure and may raise its Ravensworth workforce from 390 to 480 in the early 1990s.

Gatt talks backed by private sector

By Peter Montagnon, World Trade Editor

TOP US and European businessmen are to join forces in suggesting to their governments how the new Uruguay round of multilateral trade liberalisation talks should be handled.

The co-operation was announced yesterday by the US Business Roundtable, which groups some 200 chief executives of big companies, and its European equivalent, the Roundtable of European Industrialists.

The initiative is likely to be welcomed by the General Agreement on Tariffs and Trade (Gatt), whose director-general, Mr Arthur Dunkel, has called for the active participation of private sector business in the Uruguay round.

According to Mr James Robinson, chairman of American Express, who chairs the US Roundtable task force on international trade, business has a great interest in several aspects of the Gatt round, ranging from the removal of barriers to trade, through the protection of intellectual property rights, to measures that could strengthen the workings of Gatt itself.

Warning that growth in world trade has been inadequate, Dr Pehr Gyllenhammar, chairman of the Volvo motor concern, who heads up the European Roundtable, said the aim was to promote awareness among governments of the importance of the talks, which are expected to last for four years. "Trade only comes to the top of the agenda when there is a crisis," he said, and was too often delegated to junior ministers.

● The US yesterday called for Gatt to be given stronger powers to enforce world fair trade rules.

US Deputy Trade Representative Michael Smith issued the call at a special committee meeting on the future of Gatt, part of the Uruguay round of negotiations launched by ministers last September. The round covers 13 areas of trade in agriculture, manufactured goods and services.

Currency costs hit Nigerian motor industry

BY PETER BLACKBURN IN ABIDJAN

NIGERIA'S troubled motor industry is experiencing a huge shake out following the permanent closure last week of two commercial vehicle assembly plants.

Leyland Nigeria, 60 per cent owned by the Nigerian Government, has closed its Range Rover and truck assembly factory at Ibadan, 90 miles north of Lagos. The Naira 78m (£12.1m) factory, one of the most modern in black Africa, employed some 1,700 workers in 1984.

National Trucks Manufacturers, 40 per cent owned by Fiat's commercial vehicle subsidiary Iveco in a joint venture with the Government, has closed its assembly plant at Kano in the north.

Both plants have been periodically closed in the past due to shortages of imported assembly components.

The country's eight vehicle assembly plants for some time have been operating at a fraction of capacity due to a shortage of foreign exchange to purchase components. A depressed local market has also resulted in demand for commercial vehicles sinking to about 7,000 a year against a production capacity of 70,000.

The collapse of the country's oil revenue meant that since 1982 the allocation of foreign exchange has been tightly rationed through import licences

Following the introduction of a second tier foreign exchange market and sharp depreciation of the naira last September, foreign exchange is now more freely available though much more expensive. This has resulted in a sharp increase in the cost of locally assembled vehicles and further depressed demand.

At the same time the Government's policy of trade liberalisation, part of a series of economic reforms, has reduced the cost of imported vehicles and made it extremely difficult for local assemblers to compete.

The Government attitude, recently expressed by Industries Minister Lt Gen Alani Akinrinade, is that the sector needs to be rationalised in terms of the number of assembly plants, models and parts so as to achieve economies of scale and bring prices down to affordable levels.

The Government is critical of the failure of assembly plants to use more local components. Whereas a target of 75 per cent local sourcing was set for 1987, none of the companies manage more than 30 per cent.

The assemblers complain of the high cost, low quality and irregular supplies of local components. They also say that the closure of the plants means the loss of a valuable capital base, jobs and industrial training and will deter potential new investors.

However, observers point out that both Leyland and National Truck Manufacturers were heavily capitalised, high cost producers and more vulnerable to a prolonged period of low capacity utilisation than other assemblers.

Further closures are not inevitable, they add. Austria's Steyr local associate is reported to be concentrating on the assembly of military vehicles while Daimler Benz is cutting costs at its Anambra Motor Manufacturing Company in Enugu by importing components from Brazil instead of from Germany. Despite the unfavourable market the French trading company Scoa is to build a new Peugeot pick-up truck assembly plant.

However, the two passenger car assembly plants both envisage a major reorganisation.

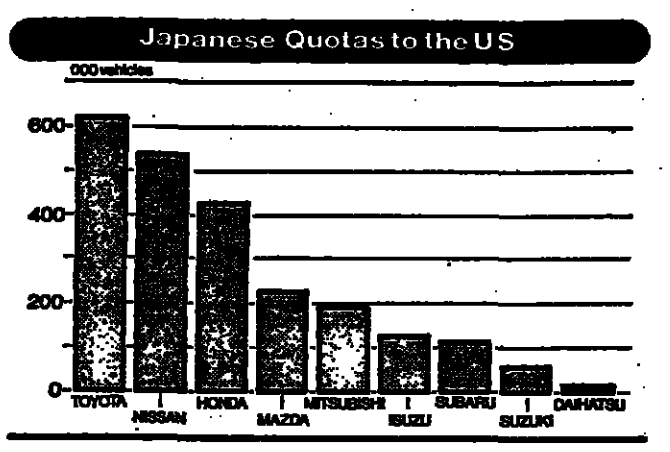
Daihatsu to begin exporting cars to US

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

JAPAN'S Ministry of International Trade and Industry (Miti) has cleared the way for Daihatsu to start a marketing programme in the US this year. The Japanese company is the only one of the nine Japanese car producers not to sell its car in the US.

Miti has allocated Daihatsu 0.5 per cent of the 2.3m Japanese car export quota for the US for the year beginning April 1—a total of 11,498 vehicles.

Each of the other eight Japanese car makers has given up 0.5 per cent of its allocation to make room for Daihatsu because Miti agreed to hold the quota at 2.3m for the third successive year.



The other allocations for the year according to unofficial Japanese reports, are: Toyota 613,816; Nissan 541,778; Honda 424,865; Mazda 226,661; Mitsubishi 194,125; Subaru (Fuji Heavy Industries) 107,062; Isuzu 119,798 and Suzuki 60,397.

Mr Toshio Yoshioka, managing director of Daihatsu, says the company will be ready to launch its 1-litre Charade car—introduced in Europe at the Geneva Motor Show this month—in the US in the autumn.

Daihatsu prepared the car for the US although there was no guarantee it would be allocated part of the 1987-88 quota. "It pays to have a car ready for the States because it helps your cars meet emission requirements in other parts of the world, such as Switzerland, Austria and Australia, which follows the US regulations," Mr Yoshioka says.

Last July Daihatsu set up its own car import company in Los Angeles. Mr Yoshioka says the company will start by concentrating car sales in the US West coast.

Daihatsu is closely linked with Toyota, the largest Japanese automotive group. Toyota owns 14.8 per cent of Daihatsu and the smaller company produces about 60,000 cars a year for Toyota.

Mr Yoshioka says Daihatsu's total vehicle output should rise from about 740,000 to 800,000 this year, with cars accounting for 60 per cent.

The company is caught in the protectionist web around Western car markets but it expects to do better in Japan. Last year Daihatsu, which ranks sixth in its domestic market, saw registrations in Japan fall from 97,434 to 87,609 and its share was down from 3.14 per cent to 2.78 per cent.

Daihatsu had plans to double car sales in Western Europe to 100,000 a year, but this will have to wait becuse Miti has warned all the Japanese producers that Europe will tolerate no further growth in Japanese car sales for the time being and might take formal protectionist measures.

Daihatsu has been looking—so far without success—for a potential partner to set up a joint car-making venture in Europe. "We have had several approaches but the instability of the yen has made it very difficult for us to make any long-term commitments."

It was the first Japanese company to arrange a vehicle assembly deal with China. This was adversely affected last year by China's lack of foreign currency and production of Daihatsu vans fell from 7,633 to 2,600. But exports of Charade cars from Japan to China increased from 301 to 701.

Mr Yoshioka says that, because of the recent steep rise in the value of the yen, his immediate concern is to increase the number of components Daihatsu imports from suppliers outside Japan, particularly from South Korea, Taiwan and Indonesia. He believes these countries still cannot match Japanese car production costs but they are producing some components at a lower cost.

Thai move by Chrysler Canada

By Bernard Simon in Toronto

CHRYSLER'S Canadian subsidiary is to overcome curbs on car imports from Japan by buying Mitsubishi Colt sedans and hatchbacks from a plant in Thailand.

The cars, which are small sub-compact models, will be assembled by MMC Sittipol, a joint venture between Mitsubishi and the Sittipol group of Thailand. Import volumes from Thailand will rise from 8,000 cars in the 1988 model year to 20,000 in 1990. Chrysler has a 24 per cent shareholding in Mitsubishi.

The cars to be bought from Thailand are identical to those now supplied from Mitsubishi plants in Japan. Chrysler Canada said yesterday that demand for sub-compacts has outstripped supply, and "we feel that we have to get more cars."

The Thai cars will not be re-exported to the US, where Mitsubishi has a separate dealer network.

Voluntary restraint agreements in force for the past six years limit Japanese carmakers to an 18 per cent share of the Canadian market. Chrysler imports 12,000 cars and trucks a year from Japan, but has a share of only about 8 per cent of the domestic sub-compact market. It is aiming for a 15 per cent share.

The skill most top managers fear to mention

BY MICHAEL DIXON

WHAT is it that nearly all top executives often do at work but mostly keep secret from even their closest colleagues?

The answer is rely on their intuition, according to Management Professor Weston Agor of the University of Texas. A study* he has made of 70 chiefs of large American concerns, in both private and public sectors, shows that all but one frequently use intuitive as distinct from intellectual processes when deciding something important.

He says that even though the chiefs clearly use intuition as only one decision-making tool among many others, the majority of them are anxious to prevent their colleagues from knowing that they use it all all. To cover it up, they often play "elaborate games" at considerable expense to their company.

An example is the information-chase in which staff are sent around gathering facts and producing analyses of issues which have actually been decided long before. "Sometimes one must dress up a gut decision in 'data clothes' to make it acceptable or palatable," said the head of a big corporation. "But this fine tuning is usually after the fact of the decision."

While the work thus created may be welcome to egg-head specialist staff like strategic planners, such costly charades are surely not in the interests of the company's shareholders and customers. So why don't the chiefs just acknowledge that they often rely on intuition, especially since even one of the more conservative of them believed it proved trustworthy 75 per cent of the time?

An apt summary of the reason was given by one of the 70 executives who happened to be a woman. "I work with men—men who tend to regard the use of intuition as suspect, female and unscientific," she said. "If I revealed my 'secret' I'd have an even harder time persuading them to accept my suggestions. They wouldn't regard my ideas or decisions as being properly rational. Yet they can justify the worst kind of screw-ups with a chart and a computer printout."

The same fear that a reputation for being intuitive would destroy their in-company credibility was shared by many of the male chiefs Professor Agor questioned. The explanation, he thinks, is at least partly that "management training in recent years has heavily emphasised the use of analytical skills, logic and other techniques . . . almost to the total exclusion of other potentially useful skills and methods."

That emphasis persists, he says, even though senior executives find that management techniques based on intellectual analysis and forecasting "are not always as useful as they once were for guiding decisions."

Successful company chiefs could of course lend a powerful hand in getting the emphasis shifted if they openly admitted the reliance they place on intuition. But the professor has little confidence that they will do so in sufficient numbers until intuitive approaches have been made theoretically respectable by research into how they work and the ways in which they can be improved.

Unfortunately, to the extent to which that development requires a change in the research habits of business schools, I have little confidence too. My doubts are rooted in the evident reaction of British management dons to the studies led by the psychologist Donald Broadbent, which were described in this column on February 25 and March 4.

The studies indicated that the academically approved process of planning ahead on the basis of established theories and facts plays only a relatively small role in jobs such as managing which require active responses to complex and fast-changing events.

For the most part, people doing those jobs work in a distinctly different style. On being confronted by each new situation, they simply look for ways in which it is similar to situations they have dealt with successfully in the past and act accordingly. In other words, they rely on their perceptions and experience without bothering to spell out to themselves the principles on which they are acting.

From what I have heard, business school staff have characteristically reacted to the reports of Dr Broadbent's studies by arguing that although the experience-centred approach may have been adequate in the past, it will not enable managers to cope well with the greatly changed conditions of the future.

There is a weakness in that argument. It implies that the academically approved approach will be the superior one in future. But it fails to explain how, if conditions are radically different, managers can cope with them any better by intellectual planning based on theories which will then be no less products of the past than the executives' experience.

After all, while managers like everybody else could only gain by being more rigorous in their analytical thinking, most events they have to deal with do not conform to timeless laws like those of physics. And despite academic efforts to refine theories of economics and the like, I see little evidence that they are a more trustworthy guide to effective action in particular circumstances than the intuition of a successful company chief.

Besides, when Weston Agor asked the American executives to say in which conditions their intuitive skills proved most valuable, their answers were typically as follows:

"When a high level of uncertainty exists."

"When facts don't clearly point the way forward."

"When time is limited and there is pressure to come up with the right decision."

So the Texas University professor seems justified in his claim that the main reason why senior managers find the theoretical approaches less helpful is precisely that they "now have to make major decisions in a climate characterised by rapid change and at times also laden with crisis events. In addition, emerging new trends often make linear models based on past trends either inaccurate or misleading."

In which case top executives surely have little to gain from business schools' continuing to concentrate on the intellectual approach to management, as though the intuitive approach was unquestionably inferior if not bereft of any importance whatsoever.

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* *The logic of intuition. Organisational Dynamics, Winter 1986, $12 from American Management Association, 135 West 50th Street, New York, NY 10020.*

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TECHNOLOGY

Yamazaki's line of seven Mazak horizontal machining centres at its Worcester plant. The company plans to double its UK market share and increase sales in mainland Europe and Scandinavia

Rock plays as Yamazaki rolls

Nick Garnett looks at the high level of automation in the Japanese machine tool manufacturer's new UK plant

"BORN in the USA. I'm a cool rocking daddy in the USA."

The booming voice of Bruce Springsteen is not the kind of noise usually heard in a factory producing machine tools, but you can tune in to the American rock star at Yamazaki's new plant in Worcester, England.

The Japanese group, one of the four largest machine tool makers in the world, mixes its solid engineering with the rather show-business style of the Yamazaki brothers, whose family name has been on the company's letterheads since Yamazaki's formation in 1919.

At the Worcester site, which has just come on stream producing computer numerically controlled lathes and machining centres, the automated guided vehicles (AGVs) which trundle around the 16,500 sq metre plant come fitted with tape machines blasting out rock music. Apart from entertaining workers this helps warn them when they are in the path of one of the vehicles.

The plant is largely organised around Yamazaki's own production technology which the company says makes Worcester the most advanced machine tool production plant in the world.

The £35m project, for which the British Government provided £5.2m in assistance, has angered and worried the UK machine tool industry. It has not pleased producers elsewhere in Europe either.

Yamazaki has given notice that it intends doubling its market share in the UK and increasing sales in mainland Europe and Scandinavia by exporting 80 per cent of output from its Worcester plant.

Whatever the opinions about Yamazaki harboured by managers of other machine tool companies, those who have visited the factory have been very impressed by its computer integrated production equipment.

Worcester—the technology of which is based on updating that used by Yamazaki in its Minimato plant, near Nagoya, and in the facility it built in Kentucky in 1982—will be able to produce 1,200 machines a year. The total workforce will be 230 including almost 50 sales staff.

The number of direct production workers is very small. This is partly because a large proportion of components is imported direct from Japan.

But it also reflects the advanced state of the plant's production equipment, which includes a machining area for cutting large and small prismatic (non cylindrical) and cylindrical parts, precision grinding and finishing as well as sheet metal working.

Storage, assembly and general internal transportation operations include the use of five AGVs and 14 computer-controlled stacker cranes.

Other, more unusual features include temperate control in parts of the plant to plus or minus one degree centigrade, and control to plus or minus 2.5 degrees in the assembly area. In addition the floor in the superfinishing section is isolated from the rest of the production area to minimise vibration.

Coolant supply for the production machines is moved around the manufacturing facilities by a fully automated underfloor pipe system. Used coolant is transferred by pipe to a collection tank where up to 20 tonnes of swarf can be removed per day and automatically transported out of the building for bulk collection.

Computer hardware includes an IBM 38 in the production control area, linked to three DEC Microvax mini-computers. This system schedules automatic warehouse and assembly requirements, the FMS (flexible manufacturing system) lines and the entire tool management operation.

An indication of how the production system works at Worcester can be seen by looking at the route taken through the plant by small prismatic parts.

Raw materials are moved by AGV from the main stores to a buffer store in the central aisle of the plant, and slid across into a holding area by stacker crane.

The Microvax matches a component with a fixture (workpiece holding device), and a stacker crane picks up a pallet with the component and moves it to a fixture station. At the same time another stacker crane locates the right fixture for that component and brings it to the fixture station.

Automatic matching of component with fixture is carried out with the help of manually monitored colour screens. About 70 per cent of components are then attached by hand to their fixture; the remaining 30 per cent being handled by robots.

Once the component is attached to the fixture the whole unit is moved by stacker crane into a pallet stocker—in effect another buffer store.

Each pallet is identified by a programmable microchip, coded by the scheduling computer.

The next step is transferring these pallets with their fixtures to the bank of seven Mazak horizontal machining centres.

This is done by a Microvax which schedules the move of the pallet to a pallet station alongside the machining centre, prior to the machine completing work on the previous part.

After this machining, parts are moved through an automatic washing station, measuring equipment, and eventually back to the buffer store.

About 30 per cent of these prismatic parts are moved by AGV to a precision machining area, for operations like jig boring. Then, following a further process of measuring by Zeiss three-axis co-ordinate measuring equipment (this information then being fed back to the central computer for checking), parts are transported by AGV either direct to assembly or to the paint booths for manual spraying.

Tool management is controlled by one of the Microvax computers and makes use of a kind of automatic tool distribution roadway to service the machining centres.

Tool conditions are monitored by the Microvax and any tool needing replacement or regrinding is automatically removed and returned on an overhead monorail to the tool preset room. Replacement tools are dispatched to the machines on the same monorail.

Each toolholder has a programmable microchip built into the tool stud for identification. When the tool is loaded its number is automatically coded.

Yamazaki is producing 20 machines a month at the moment. The plan is to increase this to 45 by September and to full production of 100 machines a month by the spring of next year.

The company has promised the British Government that once the production build-up phase is completed the machines will have 60 per cent EEC content—based on the broad definition which includes salaries and plant operating costs.

WORTH WATCHING

Edited by Geoffrey Charlish

Taking command in the warehouse

The UK food, pharmaceutical and household products group Reckitt and Colman is using a radio-linked, computer-controlled warehouse operation system at its Harlow distribution depot. Called Commander, the equipment has been designed and installed by Process Computing of Harlesden.

Commander is based on software programs working an IBM personal computer (PC) which is linked to radio data terminals used by the fork lift truck drivers and other warehouse staff. The 45,000 sq ft depot moves about 600 tons of stock weekly.

After a driver has collected a pallet (tray) of goods from a lorry in the goods inward bay, he takes it to an appropriate location (according to the type of item), puts it in the racking and then keys the product code and location into the terminal. To retrieve goods, the driver simply keys in the product code and the system tells him exactly which rack to go to, working on a "first in first out" basis, or using "sell by" dates.

Apart from speeding up the warehouse operation, Commander also makes stock checking quick and simple. The depression of a few keys on the PC produces a printout of goods that should be on the racks at any specific location.

The fork lift drivers like the system because they can find stock more quickly and raise their bonuses. Previously, they relied on their memories.

Part and parcel of chip development

A RESEARCH team at AT&T Bell Laboratories in the US believes that the days of mounting semiconductor chips on printed circuit boards may soon be over. The plastic or ceramic packages in which the chips are housed, simply to accommodate the relatively large chip "feet" for board mounting, are many times bigger than the silicon chip itself, so that far too much space is consumed. This limits the number of internal connections that can be made to the silicon chip itself, because some of these fine wires could become too long and the signal transmission time over them would slow the chip down.

Instead, the AT&T researchers are mounting the slivers of silicon on another silicon wafer on which the interconnections have been patterned. The chips are no longer in packages and the second piece of silicon takes the place of the conventional circuit board.

The technique is allowing chips to be designed with 200 input/output connections, because there is now no problem in accommodating them in a manageable space.

The effectiveness of the technique is demonstrated by the mounting by Bell Labs of three chips from its microprocessor series in a single package, using only one-third of the area required by the individually packaged chips mounted on a board.

On-site planks from baby bandmill

THE PRODUCTION of planks at forest sites usually entails machine-hauling the lumber to the spot where a non-transportable sawing machine has been installed.

But now Forest and Sawmill Equipments of London has devised a 165 lb "baby" bandmill that can be moved by two men from one felled tree to another. Costing less than £3,000, the machine uses a 10 ft long band blade which is only 0.032 in thick, reducing waste to a minimum. Sawing is carried out on a declining angle, so that gravity does most of the work. The operator just guides the machine down the log with forward pressure.

Driven by a 5 hp petrol engine, the bandmill will work an eight-hour day on less than two gallons of fuel. The company maintains that an average mechanic can repair and maintain the bandmill anywhere in the world. When they become blunt, the band blades are discarded.

CONTACTS: Process Computing: London, 961-6466. Forest and Sawmill Equipments: London, 870 5400. Sandia National Laboratories: US, (505) 844 5065. Fairey Marine: UK, 0983 297111. AT&T Bell Laboratories: US, (201) 564 4097.

US gets drop on fluid measurement

A semiconductor sensor that can measure the viscosity of a single drop of fluid has been developed at Sandia National Laboratories, Albuquerque, New Mexico, in the US.

The device, only a fraction on an inch thick and measuring about 1.0 x 0.5 inch, is a special crystal along which a sound wave is propagated by electrically exciting the crystal. With a small amount of the fluid to be measured on the surface of the crystal, the strength of the wave is reduced as it travels from one end of the crystal to the other. The loss of power is proportional to the square root of the viscosity, and the technique can be used over a wide range of viscosity values.

Usually, viscosity measurements are cumbersome and need a relatively large quantity of the fluid. Also, the results often cannot be remotely read. The Sandia work should mean that small sensors will be developed commercially that can be used within engines, pipes and vessels to measure, "on-line," the viscosity of oil and other fluids.

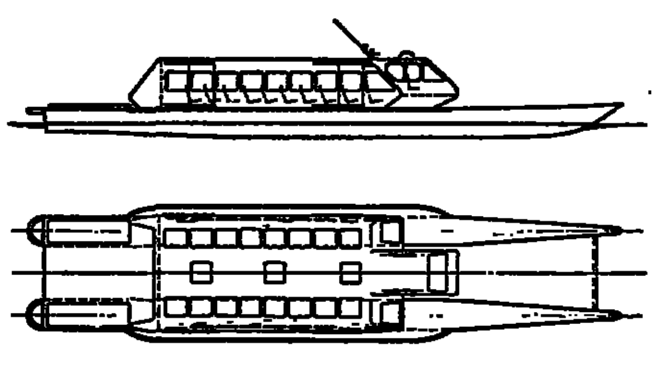
Less wash as 'cat' takes to water

FAIREY MARINE of the Isle of Wight in the UK is offering a design of high-speed passenger ferry which it claims creates virtually no wash.

Known as the Hydrocat RTL, the craft is for use on wash-sensitive lakes, rivers and estuaries, especially in shallow water areas.

It is available in several sizes to carry from 20 to 130 passengers, and is built on the catamaran principle using slender hulls that produce little wash and are easily propelled using a marine diesel engine in each hull. In view of the floating debris frequently found on lakes, the craft uses water jet propulsion rather than propellers.

Typically, a 24-metre RTL Hydrocat will produce a wash not exceeding 200 mm between trough and crest, which is small for a 17-tonne craft moving at 25 knots.



MANAGEMENT

DOING BUSINESS with the Soviet Union has never been easy for Western companies at the best of times, so it is not surprising that many are still very wary about the new and seemingly more liberal regulations on foreign trade and investment introduced as part of the Gorbachev regime's industrial modernisation policy.

Nowhere has this been more the case than in the area of joint ventures for which new legislation was enacted in the Soviet Union in January. To date very few Western companies have actually shown much concrete interest in joint ventures with the Soviets, and it has fallen to Finland, which has long enjoyed a close trading relationship with its next-door neighbour, to produce the first detailed agreement.

Its airline Finnair has teamed up with Intourist, the Soviet tourism organisation, in a venture to refurbish the Hotel Berlin in central Moscow and run it as a hotel of Western luxury class.

Now other Western companies are scrutinising the Finnair deal to see what lessons it holds for the joint venture business. Those lessons reveal that the project has its own particular justification for Finnair, which has long been keen to have management control of some hotel accommodation in Moscow where it is in notoriously short supply.

Yet, while this type of motivation may not apply to many companies considering joint ventures, Finnair's negotiating experience with the Soviets does at least show up a relatively high degree of flexibility on the part of the Soviet Union—which may hold out some encouragement for others too.

Moscow's Hotel Berlin: rococo-gilt interiors and frescoed ceilings

Finns blaze a trail with Soviet venture

Peter Montagnon explains the provenance of a hotel management deal

According to Veikko Vartio, managing director of Finnair's Nordic Hotel unit, Finnair first submitted a proposal to the Soviet Union for a hotel venture last summer when the new joint venture legislation began to be rumoured. Nothing was heard until November, but then things started moving rather quickly. Basic negotiation was completed in December and a letter of intent was signed in January. Finnair is now reviewing this letter of intent and has until May 1 to back out if it wishes.

One reason for this review period is that the Soviet side has found it difficult to answer some of the precise questions that Finnair was asking, for example, about taxation and the price at which materials would be purchased, but the basic outline of the deal is now clear.

Finnair has had to accept three basic conditions on which the Soviet side was not prepared to negotiate at all. These are: that Intourist as the Soviet partner should have a majority stake of 51 per cent, that the majority of the board should be Soviet, and that the general manager should be Soviet. In fact Sergei Skobkin, an Intourist executive who has worked in London for nine years, has already been appointed to this position.

Intourist will have five seats on the board of the venture, Finnair four, but the Soviet side also agreed that some key decisions — the annual budget, borrowing policy, the sale of equity and the appointment of the general manager—must be reached by consensus rather than majority vote.

In all other fields, says Vartio, they were willing to negotiate. Of particular importance to Finnair, which is concerned to maintain a high standard of service, is that it will itself be able to appoint line management, including the hotel manager, restaurant manager, kitchen chef, marketing manager and reservations manager.

Finnair will contribute between FM 40m and FM 45m (£6.3m) in hard currency funds to the venture, while Intourist will provide the building, labour, energy, building materials and housing for the workforce, as well as a small amount of cash.

The advantage to the Soviet side is not only that it will receive hard currency foreign investment in a project that should generate a steady flow of foreign exchange, but also that it will gain valuable expertise in an important service industry. "The fastest way to do this is to work together with someone who already has it," says Vartio.

For Finnair, which already owns one hotel, the Helsinki Intercontinental, the advantage is that it will have access to hotel accommodation in Moscow. This should increase its competitiveness on the Moscow route on which it flies around 75,000 passenger round-trips a year.

Vartio says that Finnair expects to earn a return on its investment within eight to 10 years, though much depends on the cost of the renovation work which it is still studying. Under its agreement with the Soviet Union profits can be remitted abroad in hard currency after payment of a 20 per cent withholding to the Soviet authorities. There will be a profits tax of 30 per cent and in addition the venture may contribute up to 10 per cent of its profits to a special fund for its employees.

Although there is a tax holiday for the first two years which can be extended if the venture is not making a profit, this will not leave much left over by way of return. A particular worry to Finnair was whether it would have to use its allocation of profits to make repayments on the loan it is raising to finance its share of the project. That would have added substantially to the cost as the 20 per cent withholding would apply.

However, a scheme is now under discussion to get round this problem whereby Finnair would raise the loan directly from the Soviet Foreign Trade Bank, which would accept repayment before the 20 per cent withholding.

One of the unique aspects of the venture is that the revenue will be almost entirely in foreign currency. Russians are not expected to use the hotel itself and room rates will be set in US dollars. That means the question of conversion of rouble earnings into hard currency for remission abroad, which has been a worry for other companies considering joint ventures, will not arise.

An indication of the Soviet flexibility on this point, however, is that it has agreed that the venture can have free access to hard currency for imported materials without any direct relation to its hard currency revenue.

So far only one other Finnish company, EKA, the co-operative wholesaler, has signed up for a joint venture with the Soviet Union. Like their counterparts in the UK and West Germany, Finnish industrialists are generally wary. Risto Nummila, senior executive vice president of the state-owned Neste oil and petrochemical concern, says his company is offering to build a plant in the Soviet Union to produce additives for lead-free petrol, but this will not be done on a joint venture basis because the negotiations would take too long.

For most Western companies the potential appeal of joint ventures is that they could offer a means of opening up the domestic Soviet market to their own products. This, however, is not perceived as a priority for the Soviet Union itself which is more concerned with attracting foreign investment and increasing its export potential.

These worries make joint ventures a matter of considerable risk for most Western companies, but in Finnair's rather special case the risk is much smaller and the project dovetails in neatly with its own business objectives.

However, it may be a sign of truly changing times in the Soviet Union that Intourist agreed to an eventual change in the name of the hotel as part of the deal. Now it is called the Hotel Berlin in line with Soviet practice of naming hotels after the dour capitals of Comecon states in Eastern Europe. But as soon as an opportunity arises for a new Hotel Berlin to be built, the existing hotel will once again become the Hotel Savoy, the name with which it was christened when it was built in 1912.

It is a name more suited to the image that Finnair wishes to project for a hotel whose rococo-gilt interiors and frescoed ceilings are redolent of bygone Edwardian luxury. Once restored, the hotel should offer service in the world luxury class—at a commensurate average price equivalent to some £85 a night for a single room.

Vartio believes that the move to more openness in Soviet relations with the rest of the world should mean that the hotel business will flourish. Eventually, indeed, it is still just possible that the renovated Hotel Berlin will be full to the brim with Western executives negotiating their own joint ventures with Soviet industry.

Non-executives

Beware the facile panacea

BY LORD ERROLL OF HALE

WHEN misfortune strikes a public company the fashion nowadays is to look at the make-up of the board. If the chairman is also the chief executive or managing director, then heads wag sagely and the talk is of excessive concentration of authority in one person. Next they go on to the directors. The non-executive directors are then criticised for failing in their duties. And if there are none, or perhaps only one, then that is judged to be a very bad thing indeed.

So a kind of facile panacea is emerging. This states that a company board comprising a good proportion of non-executive directors, one of whom is the non-executive chairman, will avoid misfortune and delight shareholders with its performance.

It is further argued that an audit committee of non-executive directors will spot trouble in time and secure the action necessary to avoid it.

In reality, the company upsets of the past two years show no consistent pattern of faulty boardroom composition. In some there was a chairman/chief executive. In others the offices were separated. Nearly all had some non-executive directors.

The crucial point is this: when trouble looms the chairman has to make do with the collection of colleagues he has around him. Much depends on how they all came to be sitting there.

A non-executive chairman, on appointment, should find the time to assess the value of each one of his colleagues, and slowly but steadily reshape the board so that they all point in the same direction and are capable of grasping the opportunities as well as coping with the possible stresses of the future.

He must also assess the qualities of the chief executive. He has got to get on with him for a start. But is he good enough for the future, and will he be compatible with the chairman's concept of how the board should operate? Full executive authority should be delegated to him, with no possible alibis for failure to perform.

In addition to the bottom line, the other critical issue is how he leads his executives.

A chief executive who is additionally appointed chairman of the board has a different set of problems. Having come to the board by promotion through the executive route he may not have much use for boardroom deliberations which to him have seemed to slow down or even negate executive decisions.

He will, as chief executive, continue to be very busy and unlikely to have much time for considering the composition and future make-up of the board, particularly as regards non-executive directors. Easier, he may think, to promote to executive directorships one or two good men he can trust.

Almost inevitably he will create a board that will back him up and endorse without question his executive leadership. He may also appoint to the board one or two executives on their retirement; this gives the impression, but not the reality, of a mixed, independent-minded board.

This is not necessarily a bad thing. Many large and successful companies have surged forward on the strength and determination of a single leader of great competence.

Also, it may not be at all easy to find a suitable non-executive chairman. The best are quickly booked up.

Likewise, there is no shortage of people who want to become non-executive directors, but only a minority are suitable. A "Paddington Bear" can sit unnoticed in a boardroom, eating his lunch and drawing his fee when all is going well. But when a stressful situation arises such an individual can be worse than useless. If a serious division of opinion develops, his is ignored, or he sides meekly with those who look like winning the argument.

The challenge for the good chairman is to seek out individuals who will make good non-executive directors, as well as being compatible with the existing directors.

These practical constraints serve to demonstrate that current proposals to insist on a minimum proportion of non-executive directors is a nonsense. Legislation on these lines, with penalties for non-compliance, would be a charter for Paddington Bear directors.

Lord Erroll, former chairman of the Bowater Paper group and other companies, is chancellor of the Institute of Directors, which runs Boardroom and Non-Executive Director Services.

Business courses

Writing that works, London. May 8. Fee: £120 plus VAT for members of IM; £140 plus VAT for non-members. Details from IM Marketing Training, Moor Hall, Cookham, Maidenhead, Berks SL6 9QH. Tel: 06285 24922 ext 29.

Continuity and succession planning, Brussels. April 21-24. Fee: Non-members BFr 82,700; Members (AMA/I) BFr 74,400. Details from Management Centre Europe, rue Caroly 15, B-1040, Brussels. Tel: 32/2/516.19.11. Telex: 21.917, 61.748. Telegrams Manacentre. Telefax 32/2/513.71.08.

Design or decline: the conference, London. May 1. Fee: CBI members £149.50. Non-members £166.75. Details from Joanne Harrison, CBI, 103 New Oxford Street, London WC1A 1DU. Tel: 01-379 7400.

Trusts for Europe, Amsterdam. June 11-12. Fee: £450. Details from Miss Evie Theodorou, Legal Studies and Services, Bath House, 58 Holborn Viaduct, London EC1A 2EX. Tel: 01-236 4080. Telex: 888870. Telecopier: 01-489 0849.

Winning the negotiation: skills and techniques, London. May 11-13. Fee: £445 plus VAT; fee for additional delegates from same company £405 plus VAT. Details from Monadnock International, 2 The Chapel, Royal Victoria Patriotic Building, Fitzhugh Grove, London SW18 3SX. Tel: 01-378 6080. Telex: 917505.

International trade finance, London. May 27-28. Fee: £460. Details from Miss J. K. Van Wycks, Seminar Division, Crown Eagle Communications, Vernon House, Sicilian Avenue, London WC1A 2QT. Tel: 01-242 4111. Telex: 896827. TACS G/Ref 1202.

Operations management programme: manufacturing for success, Bromley. May 31-June 12. Fee: $1,750 plus VAT. Details from Marjorie Brown, Client Services, Sundridge Park Management Centre, Bromley, Kent BR1 3TP. Tel: 01-460 8585.

British managers lack education, says report

BY CHARLES LEADBEATER, LABOUR STAFF

BRITISH managers are seriously under-educated and under-trained compared with their foreign counterparts, according to a report on the state of management training in the UK.

The report shows that only 21 per cent of UK managers have degrees or professional qualifications. About 36 per cent of middle managers have had no management training since they started work.

In West Germany, 63 per cent of top managers have a degree, while one US survey found that 85 per cent of senior corporate managers had a first degree and 51 per cent had a second degree.

A fifth of large UK companies make no provision for management training, while 75 per cent of small companies do not train their managers, the report says.

The report, which was written by Professor Charles Handy of the London Business School, and commissioned by the Manpower Services Commission (MSC) and the National Economic Development Council (NEDC), will be presented at the council's next meeting later this month.

It is certain to spark a debate between the Government, employers and unions, and will be seen by many as a damning indictment of companies' neglect of management training.

Details of the report were revealed yesterday by Mr Geoffrey Holland, the MSC's director, who said that Britain needed to develop a tradition of vocational education and training to overcome skill shortages.

On management training, Mr Holland said: "Because of gaps in earlier education, much of management training in this country is in effect teaching middle-aged managers what in other countries a high proportion of young people learn in their last years of school."

Mr Holland said the level of management training in the UK compared very poorly with major competitors, because they had a much bigger pool of more broadly educated students from which to select future managers.

He gave a warning that reports of companies suffering skills shortages seriously under-estimated the true extent of the skills gap in the UK.

Senior MSC officials regard the Handy report as a companion to earlier reports which were influential in the design of the Youth Training Scheme, and other training programmes run by the commission.

June election option is left open by manoeuvre on Bill

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT will make concessions on the bill to abolish Scottish domestic rates (local property taxes) to ensure its final parliamentary approval by the middle of next month, thus leaving open the option of a June general election.

This move came as Mrs Margaret Thatcher, the Prime Minister, sought to dampen the recent wave of election speculation. Replying at Prime Minister's questions in the House of Commons yesterday to a Tory MP who had attacked "media hype, pressure and speculation," Mrs Thatcher said she was "glad to give the assurance that the date of the next general election will not be decided in Fleet Street but in Downing Street."

Most Tory MPs, nevertheless, believe that the pressures for June may become irresistible, as in 1983, in view of the recent batch of opinion polls putting the party at around 40 per cent or more, and in a large lead. The final decision will depend on the outcome of the local elections on May 7.

Consequently, the Government is already taking precautionary moves, initially in relation to the Scottish rates bill which party leaders believe must be enacted before an election.

The bill has already run into considerable opposition during its committee stage which is due to end tomorrow. Senior ministers believe they could face one or more defeats on the report stage after Easter unless concessions are made soon

The problem is that major defeats could lead to the bill being passed back and forth from the House of Lords to the Commons, which would delay Royal Assent beyond the expected date of the week after the May local elections. This would be just before the dissolution of parliament in the event of a June election.

The concessions are likely to involve exemptions from the proposed community charge, the universal levy replacing domestic rates, for groups such as the mentally handicapped, the physically disabled and overseas students. Under the present bill the only exemptions are for prisoners and long-term hospital patients.

Dixons agrees to fund City Technology College venture

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

DIXONS, the electrical retailing chain, is providing the capital to found the second of the Government's 20 proposed City Technology Colleges for 11- to 18-year-olds selected for their ability and interest in technology and science.

The college is to be set up in the Doncaster-Rotherham area of Yorkshire in the North of England, where Dixons has several of its main service plants. A suitable site has still to be found and the opening date is undecided.

The first college is due to open in Solihull, West Midlands, in autumn 1988 in premises provided by the Solihull local authority.

Under Dixons' agreement with the Government, to be announced officially today, the group will initially contribute £1m for the college, which will be owned and run by a private trust. The Treasury will cover running costs equivalent to those of a comparably sized state-maintained school.

Mr Stanley Kalms, Dixon's chairman and chief executive, said yesterday that his group would be prepared to put in further funds as the project developed.

"Naturally we are hoping that other companies will join in by providing equipment if not money."

Mr Kalms said a prime aim would be that "all students who leave the school will be highly employable. We shall, therefore, have to appoint a head and staff who are positive in their attitudes to working skills. I suspect that their salaries will be higher than the standard scales, too."

State school curriculum pledge

BY OUR EDUCATION CORRESPONDENT

THE GOVERNMENT yesterday pledged legislation early in the next Parliament, should it be re-elected, to establish a standard basic curriculum in all state-maintained schools in England and Wales.

Mr Kenneth Baker, Education Secretary, said the schools would be required to teach all children to approved levels of attainment in English, mathematics, science, foreign languages, history, geography and technology.

Although the attainment levels would vary according to pupils' academic ability, the targets would be "clear and challenging." Children would be tested against them at the ages of seven, 11 and 14.

"We can no longer leave individual teachers, schools or local education authorities to decide the curriculum children should follow," Mr Baker told a House of Commons education committee. "We want to ensure that pupils have a well balanced foundation curriculum suitable to their abilities and aptitudes."

"I emphasise that what is defined will be a core," Mr Baker said. "It should leave ample scope for teachers to build around it, to exploit individual pupils' abilities, and to determine their own methods of teaching for the whole ability range."

Share deal attacks resumed

By Ivor Owen

FURIOUS LABOUR MPs protested for more than 30 minutes in the House of Commons yesterday at the Government's failure to take the initiative in forcing conservative member Mr Keith Best to resign, following his admission that he made multiple share applications in the British Telecom and Jaguar privatisations.

Their frustration led to a barrage of complaints to the Speaker, (chairman).

The Speaker insisted that the long established procedures requiring a substantive motion to be before the House before the personal conduct of any MP can be debated must be followed.

When he pointed out that the Director of Public Prosecutions was considering the matter, the MP, Mr Dale Campbell-Savours interjected: "He is delaying it until after the election."

Mr Brian Sedgemore (Labour) was vociferously supported by his colleagues when he emphasised that a substantive motion noting that Kleinwort Benson, the merchant bankers, warned "people like Mr Best that multiple share applications would result in prosecutions for fraud," had been tabled, but the Government had so far failed to provide time for it to be debated.

Southampton ship yard assets sold

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

MOST OF the assets of Vosper Shiprepairers, a south of England shipyard, which sought protection from creditors under the Insolvency Act, have been sold.

Price Waterhouse, the accountancy firm which has administered Vosper since mid-February, said yesterday that the major purchaser would be Thew Engineering, a diversified local company with ship-repairing interests.

The administrators have also reached agreement with two unidentified purchasers for the separate sales of two associated companies, J. Kircaldy & Son, and Solent Holdings.

The agreements are among the first such transactions under the Insolvency Act, which took effect late last year. The Act provides an alternative to receivership for small companies.

Thew Engineering has purchased the two major dry docks operated by Vosper on the River Test in Southampton port, one of which is the UK's largest.

Mr Trevor Thew, chairman of Thew Engineering, said he hoped to take over the dry docks on May 1, and expected 300 jobs to be created.

Mr Thew said plant and equipment maintained on the site by Vosper would be sold, and much of the land returned to Associated British Ports, which operates Southampton port.

The company is planning a worldwide marketing drive to persuade large ships to return to Southampton for repairs.

Both Cunard's Queen Elizabeth 2, and Canberra, operated by Peninsular and Oriental Steam Navigation (P and O), have used the larger of the Vosper dry docks.

Mr Thew said: "Our overall corporate plan really extends further than just this acquisition. We hope in the future to make other acquisitions, and our intention in the long run is to make the ship repair industry competitive again."

Thew has not pursued an interest in a separate dry-dock facility on the River Itchen at Southampton, included in the assets of Solent Holdings.

The company offered £500,000 for Vosper's assets when it was sold to its management by British Shipbuilders two years ago.

Neither Vosper nor the administrators would say how much Thew was paying for the dry docks.

Mr Thew refused to comment on a suggestion that the price was £600,000.

Vosper was placed in the hands of administrators after failing to persuade the Government to speed up naval contracts to fill a gap in its work schedule.

The company employed around 200 people.

Healey hits at 'miracle of Moscow'

By Tom Lynch

MRS MARGARET THATCHER, Prime Minister, got "nothing concrete whatever" for Britain out of her recent visit to the Soviet Union, Mr Denis Healey, Labour's foreign affairs spokesman, told the House of Commons yesterday.

In a speech described by Mr Francis Pym, the former Conservative Foreign Secretary, as "unworthy," Mr Heally mocked the "miracle of Moscow" where, he said, Mrs Thatcher had been converted to a rational view of the Soviet Union.

He said Mr Gorbachev had "won hands down" in the meeting between the two leaders. Britain had got nothing concrete out of it and the world had seen it as pre-election propaganda.

Mr Healey attacked the Prime Minister's "nucleophilia – her obsessive belief that nuclear weapons are both necessary and good." In this belief, she was out of line with President Reagan.

He repeated Labour's pledge to spend all the savings from the cancellation of Trident and the de-commissioning of Polaris on conventional weapons, and estimated the savings at about £8bn. He accused the Government of "robbing" the armed forces of 30 per cent of the conventional equipment promised to them.

Mr Healey criticised the Prime Minister for insisting that the West should have the right to build up its short-range nuclear strength to equal the Soviet forces, rather than achieving equality by force reductions. In any case, he said, the US would not pay for the new weapons and West Germany would not welcome them.

Arguing that "the incredible act is not a creditable deterrent," he compared the strategy of nuclear deterrents with the UK's threat to "shoot itself in the foot" in the trade war with Japan by encouraging Japanese banks to set themselves up in a rival European financial centre.

Race against time, Page 13

Civil servants step up strikes

BY OUR LABOUR STAFF

COMPUTER STAFF at three government computer centres have voted to strike from Monday in the next phase of disruptive action over civil servants' pay.

The planned strikes will build on the action which began this week in selected social security and employment department offices in north-west England and Wales, and at inland Customs and Excise depots.

More than 2,000 civil servants were on strike yesterday on the first day of the programme of regional action by members of the Civil and Public Services Association (CPSA) and Society of Civil and Public Servants (SCPS) in protest at a 4.6 per cent pay offer.

In addition to action which closed 64 key social security and employment department offices, Customs and Excise said about two-thirds of its staff at inland depots in England were on strike.

Customs reported no delays from the action. But the unions expect problems to build up at ports and airports later in the week and plan to call out on strike an increasing number of Customs staff.

The aim of the action by middle management grades of the SCPS is to hit preparations for social security reforms due next April. The union says it does not intend to affect payment of benefits.

Ms Tess Gill, the union's Department of Health and Social Security (DHSS) group secretary, said: "Pulling out our members in the computer centres is particularly crucial for the department because of the 1986 Social Security Act which has to be implemented by April 1988."

At a rally in London, Mr Leslie Christie, SCPS general secretary, told members of both unions that they had to prove their determination to take action following ballot results in favour of doing so.

A delegation of SCPS members also lobbied MPs yesterday to press for more staff at DHSS offices in north-west England, where they say work pressures are "intolerable" because of the rising claims caseload. The union says an extra 1,600 staff are needed in the region to keep abreast of current work demands.

● Talks aimed at producing an early settlement for the 900,000 council manual workers take place today and tomorrow in Scarborough, North Yorkshire. Negotiating teams from both the employers' and unions' sides have adjourned to the seaside resort.

Caterpillar closure under fire

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

THE ACTION of the US company Caterpillar in abruptly closing its tractor plant at Uddingston, near Glasgow, was strongly criticised yesterday by Mr Alastair Graham, the new director of the Industrial Society, an independent group which promotes the interests of people at work.

He said that managers of multinational companies such as Caterpillar had to remember that what seemed to them like an accounting adjustment in their own country could be a body-blow to workers in another country.

But he also questioned whether the sit-in by 1,200 workers which has been going on since the closure was announced in mid-January, had been helpful.

"We must always be looking to put over an image of Scottish industry at its best – the silicon glen image – and not give the world's media the chance to dwell upon scenes which are reminiscent of the very worst of Clydeside in the 1970s," he told an audience in Edinburgh.

Mr Graham said the closure of the plant was not only "tragic" for its workforce but "particularly galling for the UK management of Caterpillar who were not only running a profitable business but had also recently negotiated and were putting into practice a forward-looking flexibility agreement."

The Caterpillar closure, he said, had sent a clear message to those in charge of multinationals to remember their duties to the communities that depend on them for employment.

"If an enterprise is profitable it is just not acceptable to throw its workers out of jobs in order to improve a corporate balance sheet in Illinois, or indeed in any other headquarters in any other country."

But he admitted that there was still some way to go towards finding a satisfactory way of dealing with the problem of foreign owners closing or reducing their UK operations on the basis of needs and performance worldwide rather than local circumstances.

About 800 workers out of the 1,200 who began the sit-in, are still occupying the Caterpillar plant, in spite of a high court order to leave the factory and the strong advice of the main union involved, the Amalgamated Engineering Union (AEU), to call off the action.

Jimmy Burns writes: Union leaders representing 19,000 workers at the Royal Naval dockyards in Devonport in the West of England and Rosyth Scotland, may have partly misled their members during their recent unsuccessful campaign to stop the introduction of commercial management, according to a High Court judge.

This emerged from the detailed judgment released yesterday after last Friday's High Court ruling rejecting the unions' case that they had not been adequately consulted on the handover.

Mr Justice Millett, said that Mr George Younger, the Defence Secretary had "indulged the unions' requests for discussions on the reasons for the transfer for far longer than it was reasonable."

Anglo American Corporation of South Africa Limited

(Incorporated in the Republic of South Africa)
Company Registration No: 01 05309 06

Circular to members and Notice of general meeting

CIRCULAR TO MEMBERS

One of the effects of the sanctions legislation adopted by the United States against South Africa towards the end of 1986 is that no US national may acquire capital in a South African company where such capital was issued after October 2 1986. There is a fair degree of interest in the Corporation's shares by US nationals, both in the form of direct investment and through American Depositary Receipts. It is necessary to assure such investors that their continued interest in the Corporation will not cause them to infringe the law of the United States in this respect. After careful consideration, it has been determined that the only satisfactory way of identifying capital issued subsequent to October 2 1986, and thereby make possible the avoidance of its inadvertent purchase by US nationals and ADR banks, would be to constitute such capital as a distinctive and separate class of share which at the same time carries essentially the same rights and privileges as the existing equity capital, of which it properly is part. Accordingly, members are to be asked to consider the creation of a new class of shares, to be known as "S ordinary" shares. This new class will carry the same rights as to voting, dividends and distribution on a winding-up as the existing ordinary shares, but in order to give it the element of difference required for it to qualify for registration as a separate class, the S ordinary shares will carry an additional preferential right to a payment of 1 cent per share in the event of the Corporation being wound up.

The immediate effect of the special resolutions proposed in terms of the following notice would be to convert the 94 000 ordinary shares issued since October 2 1986 for purposes of the share incentive scheme, as well as a further 4 906 000 unissued ordinary shares, into 5 000 000 S ordinary shares and to incorporate into the Corporation's articles of association an additional article setting out their terms. At present, the only issues of shares contemplated are those in terms of the share incentive scheme, for which purpose a total of 1 550 100 shares presently is under the control of the directors (see special resolution No. 1 below). The number of 5 000 000 S ordinary shares has been selected to provide flexibility for possible future new business opportunities. The share certificates for the 94 000 ordinary shares referred to above will be called in and replaced with S ordinary share certificates. Application will be made to the Johannesburg and London stock exchanges for the listing of the S ordinary shares as a separate class.

It is envisaged that if at any time in the future it becomes apparent that the conditions which have given rise to the creation of the S ordinary shares no longer exist, or that for any other reason the continuance of the S ordinary shares as a separate class no longer is necessary, members will be asked to consider passing the necessary special resolutions to convert all of the S ordinary shares, both issued and unissued, back into ordinary shares, ranking *pari passu* in all respects with the other then existing ordinary shares.

A general meeting of members accordingly is being convened to consider the adoption of the necessary special resolutions to create the S ordinary shares and set out their terms, and ancillary ordinary resolutions placing such shares under the control of the directors both generally and for the purposes of the share incentive scheme.

As it has become necessary to hold a general meeting of members to give effect to the above proposals, the directors are taking the opportunity at the same time to propose an amendment to article 145 and to delete article 158 of the Corporation's articles of association. These amendments will bring the Corporation's articles in line with current requirements of The Johannesburg Stock Exchange which no longer require disclosure in a director's report of a holding company of details of various resolutions passed at general meetings of its subsidiary companies.

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of members of Anglo American Corporation of South Africa Limited will be held at 44 Main Street, Johannesburg, on Thursday, April 30 1987, at 09h15 for the purpose of considering and, if deemed fit, of passing, with or without modification, the following special and ordinary resolutions, namely:

Special resolution No. 1

'That pursuant to the provisions of article 57(c) of the Corporation's articles of association, the 34 000 ordinary shares of 10 (ten) cents each allotted and issued on October 23 1986, the 24 000 ordinary shares of 10 (ten) cents each allotted and issued on January 29 1987 and the 36 000 ordinary shares of 10 (ten) cents each allotted and issued on March 30 1987, the written consent of all of the holders thereof having been obtained, together with 4 906 000 of the existing authorised but unissued ordinary shares of 10 (ten) cents each in the capital of the Corporation, which number includes the remaining balance of 1 550 100 unissued ordinary shares previously placed under the control of the directors by the shareholders for the purpose of the share incentive scheme, are hereby converted into S ordinary shares, and the resulting 5 000 000 S ordinary shares of 10 (ten) cents each shall be subject to the terms and conditions contained in the Corporation's articles of association.'

Special resolution No. 2

'That subject to the passing and registration of special resolution No. 1 proposed in terms of the notice convening this meeting that portion of article 3 *bis* preceding article 3 *bis* (A) of the articles of association of the Corporation shall be re-stated to read as follows:

"3 *bis* At the time of the adoption of article 3 *ter* on April 30 1987 the authorised capital of the Company was R30 000 000 (thirty million rand) divided into:
(a) 235 000 000 (two hundred and thirty-five million) ordinary shares of 10 (ten) cents each, and
(b) 5 000 000 (five million) S ordinary shares of 10 (ten) cents each, and
(c) 49 650 000 (forty-nine million six hundred and fifty thousand) redeemable cumulative preference shares of 2.5 (two point five) cents each, and
(d) R4 758 750 (four million seven hundred and fifty-eight thousand seven hundred and fifty rand) of preferred stock."'

Special resolution No.3

'That subject to the passing and registration of special resolution No. 1 proposed in terms of the notice convening this meeting, the articles of association of the Corporation are hereby amended by the adoption of the following additional article to be numbered 3 *ter*.

3 *ter* The following terms shall apply to the S ordinary shares of 10 (ten) cents each (the "S ordinary shares") in the capital of the Company:
"The S ordinary shares shall confer the right, on a winding-up of the Company, in priority to any payment to the holders of ordinary shares, but not in priority to the holders of the preferred stock or any issued preference shares, to the payment of an amount of one cent per share, after which payment the S ordinary shares shall rank equally with the ordinary shares as regards participation in any distribution made by the Company as a result of such winding-up. Save as provided herein, the S ordinary shares shall rank *pari passu* in all respects with the ordinary shares of the Company."'

Ordinary resolution No. 1

'That subject to the passing and registration of special resolutions Nos. 1 and 3 proposed in terms of the notice convening this meeting, the powers conferred upon the directors by ordinary resolution No. 2 passed at the general meeting of members held on August 13 1982, relating to the offer, allotment and issue of shares to directors pursuant to the share incentive scheme, are hereby renewed in respect of the S ordinary shares which have been placed under the control of the directors for the purposes of the share incentive scheme.'

Ordinary resolution No. 2

'That after providing for the allotment and issue of the S ordinary shares in terms of the share incentive scheme, the directors are hereby authorised to allot and issue all or any portion of the remaining unissued S ordinary shares of 10 (ten) cents each in the capital of the Corporation at such time or times, to such person or persons, company or companies, and upon such terms and conditions as they may determine and subject to the rules and requirements of The Johannesburg Stock Exchange.'

Special resolution No. 4

'That the following amendments be made to the Corporation's articles of association:
(i) the amendment of article 145 by the deletion therefrom of the following words where they appear at the end of the article:
"and shall disclose full details of all special resolutions and of all resolutions passed at extraordinary general meetings of the Company's subsidiary companies since the date of the Directors' Report attached to the previous annual balance sheet of the Company", and
(ii) the deletion in its entirety of article 158 which reads as follows:
"If the Company is a holding Company as defined in the Statutes, the Directors' report attached to each annual balance sheet issued by the Company pursuant to the Statutes shall disclose full details of all resolutions passed at extraordinary general meetings of the Company's subsidiary companies since the date of the Directors' report attached to the previous annual balance sheet of the Company."'

The reasons for proposing the above special resolutions are contained in the circular to members which precedes this notice of general meeting and the effects thereof are apparent from the texts of the resolutions.

The ordinary share transfer registers in Johannesburg and London and the ordinary section of the register of members of the Corporation will be closed from Saturday, April 25 to Thursday, April 30 1987, both days inclusive.

Holders of share warrants to bearer who wish to attend in person or by proxy or to vote at any general meeting of the Corporation must comply with the regulations of the Corporation under which share warrants to bearer are issued. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his stead. A proxy need not be a member of the Corporation.

A form of proxy to enable members to vote for or against each of the resolutions or to abstain from voting is available from the Corporation's registered office. Proxy forms must be lodged with the Corporation's share transfer secretaries not less than 48 (forty-eight) hours before the time set for the holding of the meeting. Completion of a form of proxy will not preclude a member from attending the meeting.

By order of the board
C. L. MALTBY
Secretary

April 7 1987

Registered Office:
44 Main Street, Johannesburg 2001
(P.O. Box 61587, Marshalltown 2107)
London Office:
40 Holborn Viaduct
London EC1P 1AJ

Transfer Secretaries
Consolidated Share Registrars Limited
First Floor, Edura
40 Commissioner Street,
Johannesburg 2001
(P.O. Box 61051, Marshalltown 2107)

Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

UK NEWS

Tories may break monopoly in telecoms

BY TERRY DODSWORTH AND DAVID THOMAS

THE British Government is considering moves to break the monopoly held by British Telecom and Mercury Communications, the two UK telecommunications network operators, over the transmission of specialised business services by satellite.

This could lead to one of the most fundamental changes to the framework governing UK telecommunications since the privatisation of BT in 1984.

The move would affect a variety of services such as companies wishing to distribute data – rapidly changing financial information, for example – from a central point to branch offices.

At present, British Telecom and Mercury are the monopoly suppliers of information via satellites in the UK.

The Government said four years ago it would "keep under consideration"ways of introducing new specialised services by satellite, and about a dozen companies have since told the Department of Trade and Industry they would like to offer information services by satellite. They believe they could be more efficient than BT and Mercury and claim to have more innovative ideas for new services.

As a result, the DTI has started talking to BT and Mercury about a change in the rules, which both are resisting vigorously. The Office of Telecommunications, the industry's regulatory body, is also being consulted.

The DTI appears inclined to relax the regulations, but is also concerned that it should not fundamentally undermine BT's and Mercury's monopoly of UK telecommunications before 1990 when the Government is committed te reviewing the entire framework.

Among the issues the department is considering is whether to liberalise the satellite transmission of voice as well as data, and whether to restrict the liberalisation to services transmitting information from a central point to a closed user group.

The department expects to finish its review in a few months, but any new services as a result of its decisions probably could not start operating until next year.

The Government would not need to legislate but the timing of any decisions could be affected by a general election.

One potential beneficiary of a change could be the London Stock Exchange, which is evaluating a number of proposals for improving its price information services using satellite technology. Liberalisation of this area could open up new options for the stock exchange to consider.

BT signs deal with Nippon Telegraph

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

BRITISH TELECOM (BT) of the UK and Nippon Telegraph and Telephone (NTT) of Japan have signed a three-year collaboration deal aimed at increasing the amount of telecommunications business between the two countries.

The agreement follows the liberalisation of the telecommunications networks in both the UK and Japan, measures which have created competition for both operators within the past few years. BT says that they will compare notes on the experiences under the new liberalised regimes.

Final details of the collaboration arrangements have still to be worked out, but it will principally involve the exchange of personnel and information between the two groups.

The announcement of the arrangements, signed by Mr Iain Vallance, BT's chief executive, on a visit to Japan, coincide with the row between the Japanese telecommunications authorities and Cable and Wireless, the UK-based international telephone operating group, and the licenced competitor to BT in the UK. BT said, however, that this timing was purely coincidental.

NTT and BT have collaborated on research since 1973, and worked together closely when establishing the first digital communications link between Japan and the UK in early 1986. BT has also been successful in capturing the communications business of the large Japanese multi-nationals operating in Europe, most of whom route their international traffic through London.

Late-night subscription television 'feasible'

BY RAYMOND SNODDY

SUBSCRIPTION TELEVISION could be introduced into the UK in the form of a late-night feature film and entertainment service on BBC and IBA (independent) channels, a Home Office-commissioned report on subscription suggests.

The report by CSP International says there is an opportunity to use the largely unused hours after midnight for a new subscription service.

Files would be transmitted in a scrambled form, whereby the picture is broken up electronically and only those who paid for a decoder can see them. Subscribers could watch immediately or record for later viewing.

The study concludes, however, that it would not be feasible to fund BBC 1 or BBC 2 by subscription and that the licence fee is the best method of financing the BBC for the foreseeable future.

Record volume on Liffe

BY ALEXANDER NICOLL

VOLUME ON the London International Financial Futures Exchange (Liffe) topped 1m futures and options contracts in March for the first time since the exchange was established in 1982.

The monthly total was 1,148,312 contracts, well above the previous record of 881,778 set in January and February's volume of 822,378.

The strength of sterling-based financial markets, with a strong pound and rising securities prices amid budget and pre-election euphoria, contributed to the surge in Liffe business.

Retailers clash with Barclays over cashless shopping future

Hugo Dixon reports on the growing controversy surrounding the launch of a new debit card

WHEN BRITAIN'S shopkeepers start comparing the UK's second largest bank with a secondhand car-dealer, tempers are obviously running high.

But the row which broke out last week between the *Retail Consortium*, the shopkeepers' trade association, and Barclays Bank over the launch of the bank's new debit card is not just about lost tempers. It is about who will pay and who will gain, from cashless shopping – the most important development in money transmission since the invention of the credit card.

Barclays, whose Barclaycard has about 40 per cent of the bank credit card market, is keen to perpetuate its lead into the new era of cashless shopping. The plan's main element is Connect, a debit card which will be sent out to its current account customers from this summer.

Connect will look like any credit card, but it will function more like a cheque, with purchases being debited direct to the card-holder's current account rather than there being a grace period of several weeks before which items have to be paid. Initially, it will be used with paper vouchers, as are credit cards. But the idea is that eventually it will be used directly in electronic terminals when cashless shopping goes nationwide at the end of the decade.

The clearing banks are currently co-operating on the development of such a nationwide cashless shopping scheme through a joint company called Eftpos: Electronic funds transfer at point of sale.

Barclays' decision to launch its own debit card in advance indicates its determination to be the market leader. If it can get its customers used to a paper-based debit card, it will have a head start over its rivals when Eftpos starts.

Barclays' brilliant tactical ploy is its plan to issue Connect under the Visa brand name. This, it hopes, will by-pass the need to go around the country persuading retailers to accept the card, since most have already signed agreements to take any Visa card. It should also mean that Barclays will automatically collect the same commission it receives on Barclaycard transactions – on average 2 per cent.

It is this ploy that has infuriated retailers. They argue that they are having a new product – a debit card – foisted on them under the guise of a credit card. They are prepared to negotiate the terms of its introduction, but not to have them dictated.

The bank's response is that retailers that have signed up to take Visa cards have no choice. If they refuse, they will have the Visa sign removed from their shops. The retailers say Barclays would lose its share of the credit-card market overnight if it used that tactic.

The retailers have made such a fuss because they fear that all the banks will follow if they lose this battle to Barclays. They will then be in danger of losing the war over the charging structure that will apply when cashless shopping goes nationwide.

As the debit card is designed to replace the cheque, they argue it should carry charges similar to a cheque, not a credit card Retailers pay a fixed amount – at the moment about 10p – to banks for processing each cheque irrespective of the size. Since the average cheque is about £25, a commission of 2 per cent would mean them paying 50p.

Barclays claim this is not a fair comparison since the debit card will be much more convenient than the cheque. Retailers will no longer have to worry about cheques bouncing: and, when electronic terminals are installed, funds will be transferred the same day to their accounts instead of the three days it takes to clear a cheque. Check-out times at retailers' cash desks will also be shorter.

The retailers' response is that those advantages do not add up to the difference between 10p and 50p. They say the cash-flow benefit of being paid £25 three days' early is about 4p.

With so much at stake neither side is going to give in without a fight. The Retail Consortium has informally brought the Office of Fair Trading (OFT) into the dispute, arguing that Barclays is a monopolistic force in the credit card market and is using its hold on the market to threaten retailers with charges on debit cards.

Barclays, on the other hand, has invested substantial sums in linking its computers at Barclaycard with its branch computers. This will mean that Connect's paper vouchers can be processed by Barclaycard, and the amount debited automatically to customers' current account.

The other banks have been watching this dispute with mixed feelings. If Barclays manages to force the retailers to pay a 2 per cent commission on Connect, they will be in a good position to get the same deal. That will be good for their profits. But they have no desire to see Barclays building up an unassailable lead in cashless shopping.

UK NEWS

Westland's future is safe, says Defence Secretary

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE CONTINUATION of Westland as a UK helicopter manufacturer will be ensured, Mr George Younger, Defence Secretary, said yesterday.

Speaking at the roll-out of the first Anglo-Italian EH-101 multi-role helicopter at Westland's factory at Yoevil Somerset, in south-west England, Mr Younger said the helicopter procurement decisions he would announce "before Easter" would ensure Westland's future "for a long time to come."

"We have very much in mind the need for Westland to stay up among the leaders of the world's helicopter manufacturers," Mr Younger said.

Commenting on recent reports that the UK was about to withdraw from the plans for a five-nation Nato helicopter for the 1990s – the NH-90 – Mr Younger said that all the partners in that study, including the UK, were now considering the next phase. The UK's attitude towards the future of that programme would be among the decisions to be included in the forthcoming government helicopter package, he said.

It is believed that the package will include an order for 30 of the utility transport versions of the EH-101 aircraft, together with additional orders for Lynx multi-role aircraft for the army and navy.

Asked if these impending deals would be enough to save redundancies at Westland, Sir John Treacher, the company's managing director, said: "We could not expect the Government to save all the jobs in Westland," but he added that the figure of 2,000 redundancies mentioned in the press recently might be "rather high."

"Whatever orders we get from the Government will help Westland to reduce any job losses," he said.

Road to go over historic site

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

A ROAD is to be built across an English Civil War site, the Government announced yesterday.

The road will follow the route recommended by a contentious 143-day public inquiry. The inspector, Mr R. M. Merrell, rejected four alternative proposals put forward by objectors which would have taken it away from the village of Naseby, Northamptonshire, in the East Midlands.

This was where King Charles II and Prince Rupert suffered a historically significant reverse in June 1645 at the hands of Sir Thomas Fairfax and Oliver Cromwell.

Mr John Moore, transport secretary, said both he and Mr Nicholas Ridley, the Environment Secretary, had "thoroughly examined" the Naseby issue before the decision to go ahead with the £126m road was taken.

An alternative route to the south of the village would have avoided the battle area, but would have had a more serious effect on nearby villages and been more damaging to the countryside, he said.

Mr Robert Preston, secretary of the Northamptonshire branch of the Campaign for the Protection of Rural England, said he was disappointed at the decision but not surprised.

The British Road Federation, which campaigns for road construction and improvements, said the announcement was "marvellous news."

Demoralised Labour in race against time

The left's big pre-election hope is that it can win the fight for the moral high ground. Michael Cassell looks at the risks for a Labour leadership trying to tap the national conscience.

IN ONE of the less well reported speeches to emanate recently from Labour's demoralised front-bench team, Mr Bryan Gould, the party's campaign co-ordinator, succinctly summed up the philosophy that will underly his party's strategy for the next general election campaign.

The man whose job has come to look more like a thankless task than a stepping stone to high office claimed that, if the unthinkable happened and Mrs Margaret Thatcher retained the tenancy of No 10 Downing Street into the 1990s, her success would "silence the conscience of the nation."

He claimed that the way would be clear for the ruthless and the unscrupulous to grab what they could, with no regard for those left behind. In a full-frontal assault on the values and interests of millions of British people, public services would be under siege while the pensioners, the unemployed and the poor would sink further into dissolution and despair.

The party believes there is enough evidence to suggest that Mr Gould's concerns strike a deep and disconcerting note among large numbers of the electorate, and merely among those who might claim that the Thatcher years have done them harm but, equally importantly, among those who have prospered.

There are, indeed, indications of a sense of unease about what Mar Roy Hattersley, Labour's deputy leader, told the House of Commons earlier this week was the inevitable outcome of the new Conservatism, in which the regions become "distant countries" ignored by ministers, and the gap between privilege and deprivation grows steadily wider.

In spite of the statistics showing that the Government is spending more on health, education and the social services, Labour claims confidently that the public is unimpressed by what it actually sees, as opposed to what it is told.

The party says that the Chancellor of the Exchequer's "hat-trick" of cutting income tax, lowering interest rates and raising public spending, serves only to provoke fresh debate about the fairest way in which to distribute any additional resources that become available to the Exchequer.

Labour reaches for more statistics to show that the number of people living on, or near, the poverty line has risen by 5m since 1979, that the overall tax burden for millions of people has risen, and not fallen, under Mrs Thatcher – although its response would be to reverse the latest tax cuts – and that the rate of homelessness has doubled in the same period.

On Monday, the same themes were at the forefront of Labour's debate in the Commons on the divisions besetting British society. The passion of its case was badly let down by rows of empty Labour benches, although the message was clear.

Britain, according to the opposition, is a divided nation, run by an uncaring government which has cynically survived on double standards. By neglecting those whose votes had already been lost, the Tories are happy to preside over a society in which the gulf between the "haves and the have-nots" is growing daily.

Labour, claims the leadership, remains the only alternative party of government, given that the Social Democratic Party/Liberal Alliance could win more than 30 per cent of the vote but end up with only 40 seats. The electorate, it emphasises, can vote Labour, or it can watch a society, which is fraying at the edges, disintegrate further under another five years of Thatcherism.

And yet, in spite of the alarums, the highly volatile opinion polls appear to be writing the party's epitaph. The "unthinkable" seems not only possible, but increasingly likely, and Mr Gould and his colleagues appear to have little time left to tap a national conscience which they believe offers them their best chance of an election victory.

In the past few days, however, it has become clear that, in spite of Labour's failure to ignite the fuse of popular support for its policies, the renewed battle for the hearts and minds of the British people will not embrace a string of new initiatives or any change in direction.

To begin with, the party has little choice but to accept that it must live with the damaging impact of left-wing extremism in local councils and of a defence policy which most believe is flawed.

Having so far failed to convince people of an impending economic catastrophe (even if it did, would Labour be the nation's first choice to deal with it?) the party will press on with those predictions. In the same way, it must ask a sceptical electorate to accept that the trades unions will play a more reasonable game with the next Labour government.

Mr Neil Kinnock, the Labour leader, is being criticised because the party appears to have few ideas to catch the electorate's eye. His resentment at the suggestion is well justified, given the wave of policy initiatives unveiled since last year's party conference.

In the past three months alone Labour has announced a string of targeted, costed proposals, covering the creation of jobs, the provision of training skills, the revitalisation of manufacturing industry, a blueprint for regulation in the City of London, plans for a fresh era of co-operation with employers and unions and, only yesterday, a new charter for women's rights.

But their impact appears to have been minimal. Mr Kinnock blames the press for not giving his policies a better airing, but all too often an outbreak of horrendously-timed internal wrangling has conspired to detract from the central issues.

At the weekend, he said the key to transforming Labour's electoral chances lay in focusing on practical, constructive policies for jobs, health care, pensions, education and training. He added: "Our policies may not have the gloss of novelty but they certainly have the thrust of practicality. No miracles are promised at all. There is no question of our changing course."

Even so, there are those within the leadership who believe the party's approach is too reminiscent of the 1970s and that there is a real need for added symbolism in the shape of selected, radical gestures which can give Labour a forward-looking image. An electorate recently fed on radicalism may well come to expect, even demand more of the same, and Mr Gould is now asking party spokesmen to identify suitable, new initiatives.

Labour's big hope is that in the time left it can storm the moral high ground. The big risk is that, in a society where the majority has prospered at the expense of the minority, the party's leaders will turn round to find, as Mr Gould puts it, that the electorate has "retreated into selfishness."

Falklands surplus sale attracts world interest

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

REDUNDANT EQUIPMENT from the Falklands war was sold yesterday in Liverpool's Freeport, attracting buyers from around the world.

Most of the 1,585 lots were used in the construction of the Falkland's new airport. They included earth movers, Land Rovers, and a ship – the 22-year-old, German-built, 9,622-tonne Provide. This fetched yesterday's highest price more than £300,000. The buyer, a Greek Master mariner, intends to sail the vessel to India for sale as scrap.

Other lots, sold by the Canadian auctioneering firm of Ritchie's, included a flexi-float barge system, (£104,000) and a large eight-year old Caterpillar 992C wheel loader, which fetched £107,000, compared with a new list price of $750,000 (£469,000).

Lowest prices paid were for tools, such as wrenches and bench vices.

Land Rover prices ranged from £1,700 to £5,800, with an average of £3,600. Two "Pushyeat" tugboats were also sold, for £32,000 and £17,000.

All the items were the property of Truck and Machinery, a Dublin company headed by Mr Jim Mansfield. He bought them in Atlanta, Georgia, USA last year to sell. Liverpool Freeport was chosen for the auction because of its size. It also has the advantage that foreign buyers can re-export purchases duty-free. The sale continues today.

Part 13: after a slow start, says **Joe Rogaly**, the pieces are in place for a radical assault on the educational establishment

In the secret garden

THE CONSERVATIVES discovered education in 1986. Before that lone ministers fought a long and debilitating battle with its practitioners—a battle that may be in its final stages, but is by no means over. There are two principal reasons for this order of events. The first is that when Mrs Thatcher came to office in 1979 everything was subordinated to the single imperative of cutting expenditure. The second is that it took a long time for Sir Keith Joseph, the thinking man's Education Secretary, to force ideas for reform through the thick skulls of the educational establishment. The moment he had done so, he retired.

Education had always been a deep concern of Sir Keith's but when he was in charge he became so embroiled in argumentative discourse with his party's backbenchers, or with the teachers, or, initially, with his civil servants at the Department of Education that he could not easily move from thought and planning to practical action.

So when Kenneth Baker was appointed Education Secretary in May 1986 he found ideas aplenty lying on the desk of his predecessor. He grasped a number of nettles, the most important of which was the need to impose a pay settlement on the teachers. He spoke out clearly on the reforms Sir Keith had wanted. Above all, he put the Government's policies on television. In consequence, education is now regarded by everyone *as a key election issue.*

That is not how it looked in 1979, when Mr Mark Carlisle became Mrs Thatcher's first Education Secretary. Everything he wanted to do was overshadowed by the hunt for savings. According to some memories, education cuts were discussed more often by the Cabinet in his two years than at any time before or since. Mr Carlisle suffered from the particular disadvantage that the Prime Minister had herself been Education Secretary until 1974. She declined to believe that anything had changed during the Conservatives' absence.

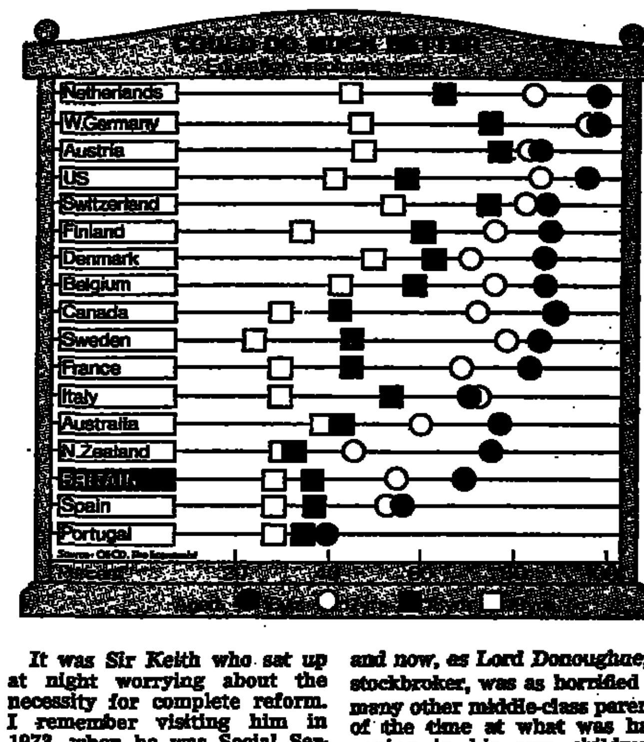
Yet the truth is that Mrs Shirley Williams, Mr Carlisle's Labour predecessor, had begun the process of trimming the education budget under the International Monetary Fund-inspired cutbacks that Mr James Callaghan's Government had been forced to introduce. The department was well aware that as the postwar baby boom generation receded the number of pupils was destined to fall and the schools' budget was being shaped accordingly. (In fact the total of primary school pupils has dropped by 1½m to 4m over the past decade, while secondary school rolls are down 300,000 and falling fast.)

In the first years of Mrs Thatcher's administration the battles to cut spending were long and hard-fought. Some wanted expenditure per head kept level; others wanted it reduced. Opinions as to the outcome differ, but it seems likely that the 1980, 1981 and 1982 budgets were less severe than they might have been. Consider the following sums, all at 1986-87 prices. In 1979 current spending in England's state secondary schools ran at £1,040 per pupil, £75 down on 1975. It fell a further £30 in 1980, but then rose steadily until by 1985 it was a then record £1,185. Spending on primary school children rose by well over £100 per head, in real terms, in the same period. The teachers' pay settlement will put these unit costs up yet further.

On higher education, Mr Carlisle was trounced. He was *obliged to find a quick £100m* by removing all subsidies from foreign students. In Cabinet, only the Foreign Secretary and the Education Secretary opposed this remarkably short-sighted cut (After all, today's foreign students are tomorrow's buyers). The overall cut in the Budget, which was particularly severe in 1981, was made at a time when fashionable opinion had it that the universities had been getting away with murder for too long and that the expansion predicted in Lord Robbins's famous report of 1963 had anyway not fully materialised (although this was regarded as fortunate, since if it had the costs would have been horrendous).

Mr Carlisle did find time to put a little Tory legislation through before being sacked in the 1981 Cabinet purge. One bill removed the compulsion from local authorities to make all schools comprehensive. Another gave parents a statutory right to express a preference for a particular school, put parents and teachers on governing bodies, and started the scheme of assisted—that is subsidised—places at private schools. The urgent need for a complete overhaul of the British education system, which is so widely perceived today, was not reflected in the policies of those years.

The Thatcher Years will be republished in book form in early May. It will be available from newsagents, price £2.40, or by post for £3 from FT Business Information, Books Marketing, 102 Clerkenwell Road, London EC1M 5SA. Payment must accompany order.



It was Sir Keith who sat up at night worrying about the necessity for complete reform. I remember visiting him in 1973, when he was Social Services Secretary under Mr Edward Heath and hearing at some length, as the hours passed and the darkness outside deepened, about how he wanted to be at Education one day, "but I have this terrible vision of the teachers marching round and round the building in protest." Nine years later he asked Mrs Thatcher for the job and got it.

With hindsight, it seems plain that there was to be no way forward until someone took on and defeated the teachers' trade unions in the schools and the vice chancellors' articulate legions in the universities. Before he could do even that Sir Keith had to win his own department over to the view that it must concern itself with the content and purpose of education.

Many ministers had tried that; all had failed. In the early 1960s the then Sir David Eccles spoke of "the secret garden" of the curriculum. His attempts to enter it were thwarted by an alliance of civil servants, local authorities and teachers' unions. In the mid-1970s Bernard Donoughue, then senior policy adviser at No 10 and now, *as Lord Donoughue*, a stockbroker, was as horrified as many other middle-class parents of the time at what was happening in his own children's primary school. He prepared a most heartfelt paper for Mr Callaghan, the Prime Minister. It led to a celebrated speech at Ruskin College, Oxford, which blew open the public debate on the curriculum. Shirley Williams and Mark Carlisle subsequently tried to enter the secret garden but a rougher operator was required.

Sir Keith not only made his civil servants read about what other countries were doing in their schools; he took advantage of a vacancy at the top and brought in the tough-minded Sir David Hancock ("after fighting Geoffrey Howe to the death for him") as Permanent Secretary. Thus reinforced, Sir Keith proceeded to question everything; why do we do it; do we get value for money; does it raise standards? The Green Paper on Education in Schools published by Shirley Williams in 1977 helped him take the curriculum debate forward in his own manner.

He accepted plans for a new General Certificate of Secondary Education (GSCE), combining the old GCE and CSE, but first made administrative arrangements to ensure its rigour. (The Government has yet to provide sufficient money to ensure its successful introduction next year). He brought teacher training more closely under the supervision of the Department of Education, and arranged for direct, central, financing of in-service training. A series of departmental statements on the curriculum helped to break down resistance to the idea of central control. His instruction that reports on individual schools by Her Majesty's Inspectors of education should be published served to expose some of the worst defects.

The annual HMI reports also exposed the Government's own parsimony: the deteriorating accommodation, the peeling walls, the failure to spend on school maintenance. But the 1986 report further criticised the local education authorities and the teachers by indicating that at least a fifth of the lessons in state schools were unsatisfactory by HMI standards while for 13-year-olds the "unsatisfactory" proportion was above a third. Publication is doing Sir Keith's work.

What held up his reforms was the long-running dispute with the teachers' unions, leading to extended and painful disruption of lessons and a virtual halt to plans for obtaining reform by agreement. The nub of the matter is pay. Sir Keith approached the teachers in the spirit of any sensible employer and demanded higher standards, regular performance appraisals, cover for absence, and other changes in their contracts of employment. But like many an over-optimistic employer he hoped to achieve all of that without putting sufficient cash on the table.

He was also perhaps a trifle undiplomatic, attacking the profession for inefficiency and incompetence, while at the same time protesting that reform need not mean any addition to expenditure. It would be unfair to place all the blame on him. The main teachers' unions have shown themselves to be divided, fractious, intemperate, and often more interested in protecting themselves than in attending to the education of children under their members' care. In short, they have behaved very badly indeed. But a competent private sector employer might have been able to cope with badly behaved white-collar unions within the time Sir Keith spent on the teachers.

All of this made his successor, Mr Baker, one of the most fortunate of incoming Education Secretaries. He was quickly able to find more money for the teachers. It was not difficult to manoeuvre the most recalcitrant of their unions into a position in which the public would judge them wrong. Mr Baker's bill abolishing the previous bargaining machinery seemed the least anyone could do. The flaw was his insistence on making it all seem so permanent: if the act had been given, say, a two-year existence, after which free bargaining would be restored, the dispute might not be spluttering into fresh life again.

He has, however, established the principle of by-passing the local authorities in matters of pay. He has grasped the political initiative on a core curriculum (a policy also espoused by the Labour Party's education spokesman, Mr Giles Radice, last year). One effect of Mr Baker's version of such a curriculum would be to establish central control over what happens in the classroom. Whitehall's camp would be right inside the secret garden.

Note that this has nothing to do with whether or not schools are comprehensive. That battle was lost years ago—perhaps when, as Education Secretary, Mrs Thatcher herself passed more schemes to go comprehensive than any other single holder of that office, (according to Stuart Maclure, editor of the Times Educational Supplement, in "Promises and *Piecrust*," an excellent potted-for-TV history of post-war education). Some 85 per cent of state secondary school pupils in England are now in comprehensives; in Scotland the figure is above 96 per cent and in Wales it is above 98 per cent.

They may still do better in the remaining grammar schools and most private schools (up from 5.9 per cent of school-age children in 1979 to 6.7 per cent in 1986), but the comprehensives cannot be said to have failed completely since the percentage of school leavers with five or more higher grade passes at O-level or CSE has risen from 21.1 in 1966 to 26.9 in 1985. Against that, Britain's public examinations do not yet set absolute, unchanging standards. The Tories will one day arrange that they do.

Mr Baker has also been able to reverse the impression given by Sir Keith that he was not interested in the expansion of higher education. The number of full-time British students has grown by over 85,000 since 1979 — virtually all of it in polytechnics and colleges and much of it thanks to local overspending against stringent government budgets. Yet in real terms total public spending on higher education has risen by a mere £8m between 1979-80 and 1986-87.

Last week Mr Baker issued a White Paper that sets out to change perceptions of the Government's policy. Growth is back: there are to be 50,000 more students by 1990.

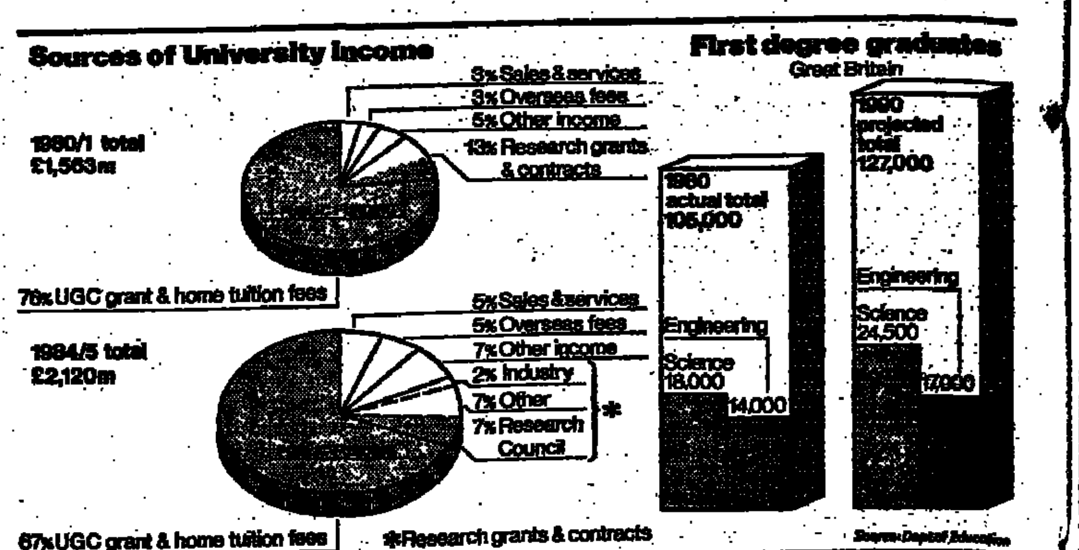
The price of growth is to be the further centralisation of power over higher education. The new Universities Funding Council will have half its members drawn from outside academe. It will execute government policy in its future contracts with the universities, which will no doubt have to look increasingly to private sources of funds to maintain their independence of the state. A parallel council for the larger polys and colleges will exclude the local authorities and make contracts on similar lines.

Thus all the pieces are in place for a new Conservative administration. Central control over the curriculum is coming. Complete exclusion of local authorities is within the next Education Secretary's grasp. A system of independently governed schools able to compete for per-pupil grants dispensed by Whitehall on its own terms is but a step away. The universities will have to change old habits even further if they are to survive. British education as a whole will be geared to the needs of a growing British economy, able to compete with the Germans, the Japanese and anyone else. And, somehow, we're going to get it all for nothing.

Of course that isn't so. Spending on education was 5.3 per cent of gross domestic product in 1978-79 and down to 4.7 per cent in 1985-86. If Britain is to have a chance of catching up with its competitors that trend will have to be reversed. And there is another, non-financial catch: however much we may applaud the Government for taking education seriously at last, the fact remains that it is central government itself that is doing so.

Any ideologically committed central government, of either Left or Right, could use such machinery in an undemocratic manner. Protesting that the customers—parents—will choose is not a sufficient answer while the centre dispenses the finance. One test of the next government's commitment to democracy will be the extent to which it builds in genuine checks and balances against its own powers over education.

Tomorrow: Geoffrey Owen and Malcolm Rutherford conclude the series.



Company Notices

ROBECO

ROBECO

Robeco N.V. announce a cash dividend of Fls. 2.92 per ordinary share of Fls. 10 (Fls. 0.292 per sub-share) for the financial year 1986.

BEARER SHARE WARRANTS WITH COUPONS ATTACHED

Coupon No. 85 accompanied by the appropriate claim form should be presented to the Company's Paying Agents, National Westminster Bank PLC, Stock Office Services, 3rd Floor, 20 Old Broad Street, London EC2N 1EJ, on business days between the hours of 10 a.m. and 2 p.m. Claims must be submitted by personal presentation. Postal applications cannot be accepted.

The dividend will be payable at Fls. 2.92 per share, less tax as appropriate, as from 15th April 1987 against surrender of Coupon No. 85.

Coupons presented by, or on behalf of, shareholders who are subject to United Kingdom Income Tax will be subject to Netherlands Dividend Tax at the rate of 15% and United Kingdom Income Tax at the rate of 12% on the gross dividend. Forms 92 VK will not be required in respect of claims lodged within six months of the payment date. Coupons No. 85 presented on or after 15th October 1987 must be accompanied by a completed Form 92 VK duly certified by the individual shareholders' Inspector of Taxes.

If the coupons presented are accompanied by the appropriate certified Forms 92 supplied by residents of Australia, Austria, Belgium, Canada, Denmark, Finland, France, The Federal Republic of Germany, Indonesia (reduction to 20% only), The Republic of Ireland, Israel, Japan, Luxembourg, the Netherlands Antilles, New Zealand, Norway, Singapore, South Africa, Spain, Surinam, Sweden, or the United States of America, Netherlands Dividend Tax amounting to 15% will be withheld. Forms 92 VS must be submitted in duplicate, signed by the applicant, but need not be authorised by the U.S. Inspector of Taxes.

Residents of Switzerland can apply for a partial refund by submitting a Form R-NL 1 to Dutch Fiscal Authorities. This form can be obtained from the Eidgenossische Steuerverwaltung, Bern. Reduction to 15%.

Residents of Italy can have a full refund by submitting Form 92 IT, certified by their local tax inspector, to the Inspector of Corporation Tax, Wibaut Straat, 2-4, Amsterdam, with the relevant dividend note.

In all other cases Netherlands Dividend Tax at 25% will be deducted from the gross dividend.

Exemption from United Kingdom Income Tax may be claimed by lodging the usual affidavit certifying non-residence in the United Kingdom.

SUB-SHARE CERTIFICATES REGISTERED IN THE NAME OF NATIONAL PROVINCIAL BANK (NOMINEES) LIMITED

United Kingdom Banks and Members of the Stock Exchange should lodge the special claim form with the National Westminster Bank PLC, Stock Office Services, 2nd Floor, 20 Old Broad Street, London EC2N 1EJ.

Payment of the dividend must be marked on the reverse side of the certificate in accordance with "Marking Name" procedures.

Other claimants must also complete the special claim form and present this at the above address together with the relevant certificate(s) for marking by the National Westminster Bank PLC.

All claims must be submitted by personal presentation. Postal applications cannot be accepted.

Income Tax requirements will be as shown above for Bearer Share Warrants.

The Record Date is 7th April 1987.

Payment will be made by National Provincial Bank (Nominees) Limited on or after 16th April 1987 and will be subject to Marking Name Commission.

CONVERSION OF DUTCH CURRENCY

[illegible]

SHAREHOLDERS IN THE REPUBLIC OF IRELAND

[illegible]

9th April 1987.

NOTICE OF REDEMPTION

To the Holders of

The Broken Hill Proprietary Company Limited

10% Debentures Due 1990

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture, dated as of May 1, 1975, under which the above described Debentures were issued, Debentures, aggregating U.S. $1,000,000 principal amount, have been selected for redemption on May 1, 1987, through operation of the Sinking Fund, at the principal amount thereof, together with accrued interest to said date, each in the denomination of U.S. $1,000, as follows:

Outstanding Debentures bearing serial numbers ending in any of the following two digits:

05 06 08 35 44 59 69 92

Also Debentures bearing the following serial numbers:

6	1056	1756	2756	4556	5556	6556	7356	8156	9056	10056	11956	14556	17256	18956
8	1156	2156	2956	4656	5656	6656	7456	8256	9156	10156	12056	15356	17456	19056
56	1256	2256	3056	4756	5856	6756	7556	8456	9356	10256	12156	16356	17556	19356
256	1356	2356	3256	4956	5956	6856	7656	8556	9456	10456	12456	16756	17656	19956
356	1456	2456	3356	5056	6056	7056	7756	8656	9556	11156	12556	16856	17756	
756	1556	2556	4356	5256	6156	7156	7856	8756	9656	11256	12656	17056	17856	
956	1656	2656	4456	5456	6256	7256	7956	8856	9756	11856	12856	17156	18856	

On May 1, 1987, the Debentures designated above will become due and payable as aforesaid in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the **Corporate Trust Office of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, New York 10015**, or (b) subject to any laws or regulations applicable thereto, at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt (Main), London, Paris and Tokyo, of Credito Romagnolo S.p.A. in Milan and Rome, of Bank Mees & Hope NV in Amsterdam and of Kredietbank S.A. Luxembourgeoise in Luxembourg. Payments at the offices referred to in (b) above shall be made by check drawn on, or transfer to a dollar account maintained by the Holder with, a bank in The City of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding of 20% of the gross proceeds if payees who are not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person or an executed IRS Form W-9, certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on IRS Form W-9 and who fail to do so may also be subject to a penalty of $50. Please therefore provide the appropriate certification when presenting your securities for payment.

Coupons due May 1, 1987, should be detached and collected in the usual manner.

On and after May 1, 1987, interest shall cease to accrue on the Debentures herein designated for redemption.

THE BROKEN HILL PROPRIETARY COMPANY LIMITED

Dated: April 1, 1987

NOTICE

The following Debentures previously called for redemption have not yet been presented for payment:

10	1000	1773	2514	3054	4375	4773	5311	6454	8371	9254	9800	12114	12754	16454
32	1010	1775	2554	3071	4386	4775	5314	6471	8373	9271	9810	12132	12771	16455
54	1011	1800	2571	3075	4400	4810	5332	6473	8375	9273	9811	12173	12773	16466
110	1014	1810	2573	3100	4410	4814	5354	6510	8410	9300	9814	12175	12775	16468
111	1054	1811	2575	3110	4411	4871	5910	6511	8411	9310	9832	12200	12800	16473
114	1071	1854	2600	3111	4414	4873	5911	6514	8414	9311	9871	12210	12810	16475
132	1073	1871	2632	3114	4454	4875	5914	6532	8432	9314	9873	12232	12811	16532
154	1075	1873	2654	3132	4471	4900	5973	6554	8500	9332	9875	12271	12814	16538
200	1100	1875	2671	3171	4473	4919	5975	6571	8510	9354	10610	12273	12871	16566
211	1111	1900	2673	3173	4475	4911	6000	6573	8511	9371	10611	12300	12873	16568
214	1114	1910	2675	3175	4486	4914	6010	6575	8554	9373	10614	12310	12875	16571
254	1132	1914	2700	3200	4500	4932	6011	6600	8571	9375	10638	12311	12900	16573
271	1154	1932	2710	3210	4510	4938	6014	6610	8573	9400	11054	12314	15771	16575
273	1171	1954	2711	3211	4538	4954	6032	6611	8600	9410	11071	12332	15775	16586
275	1173	2010	2714	3214	4555	4966	6054	6614	8610	9411	11073	12354	15786	17711
571	1175	2011	2732	3232	4566	4968	6071	6632	8611	9500	11075	12371	15910	17714
573	1210	2014	2754	3254	4568	4971	6073	6654	8614	9511	11800	12373	15911	17738
575	1214	2032	2771	3271	4571	4973	6075	6671	8654	9514	11811	12375	15914	17754
600	1300	2054	2773	3273	4573	4975	6100	6673	8671	9532	11854	12410	16014	17755
610	1310	2071	2775	3275	4575	4986	6110	6675	8673	9554	11871	12411	16271	17766
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654	1332	2075	2810	3310	4600	5010	6114	6914	8700	9573	11875	12432	16275	17775
671	1354	2114	2811	3311	4610	5014	6171	6953	9010	9575	11900	12454	16286	17785
673	1371	2154	2814	3314	4611	5032	6173	7100	9011	9600	11910	12471	16300	17800
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700	1375	2173	2854	3354	4632	5054	6200	7173	9032	9611	11932	12475	16311	17811
711	1400	2175	2871	3371	4638	5066	6271	7175	9054	9614	11954	12500	16314	17814
714	1411	2210	2873	3373	4654	5068	6273	7200	9071	9632	11971	12571	16332	17832
754	1554	2211	2875	3375	4655	5073	6275	7810	9073	9654	11973	12573	16338	17838
771	1571	2232	2900	4286	4666	5075	6300	7814	9075	9671	11975	12575	16354	17854
773	1573	2254	2910	4300	4668	5110	6310	7832	9100	9673	12000	12600	16366	17866
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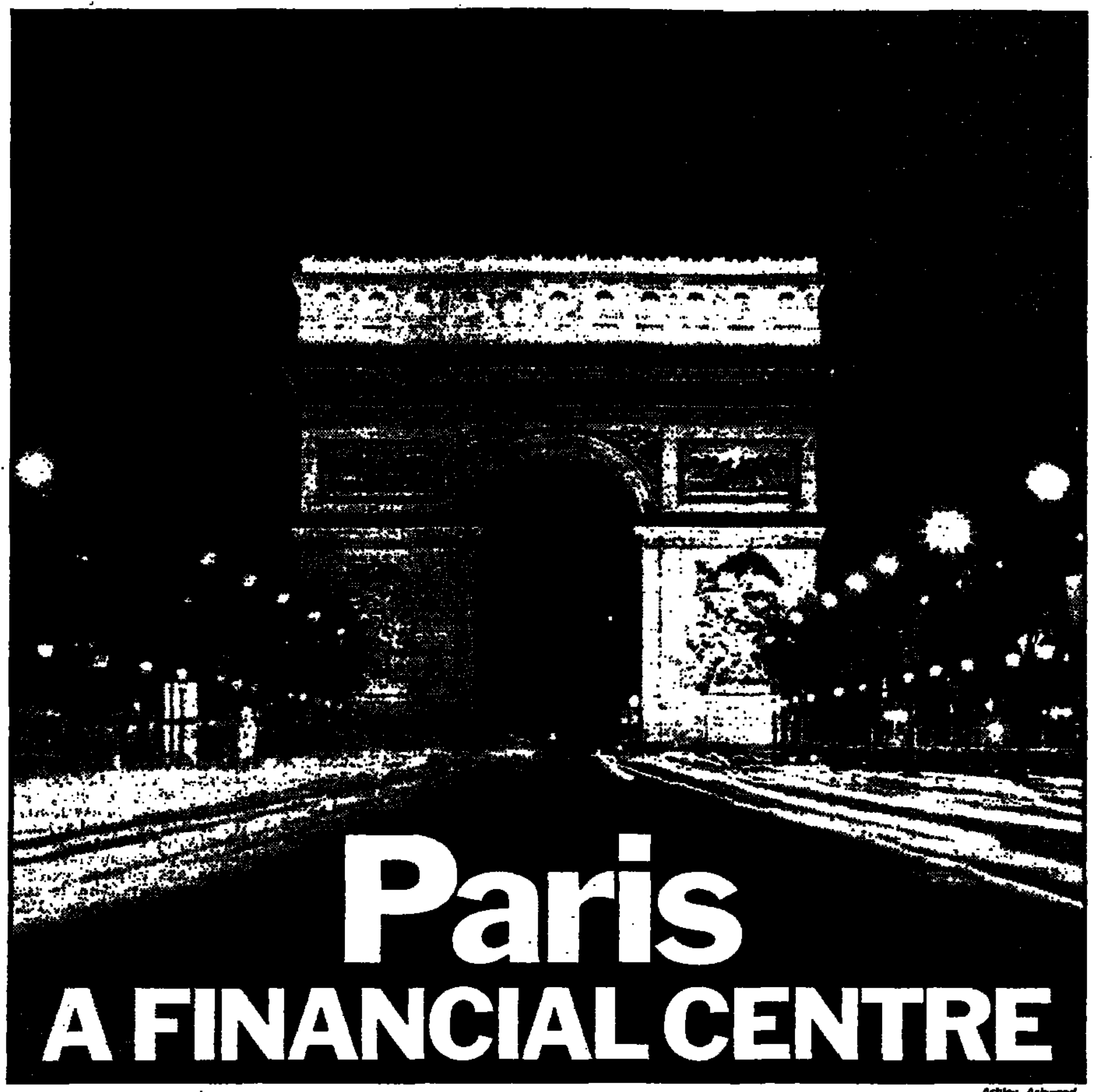
FINANCIAL TIMES SURVEY



Ashley Ashwood

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A big increase in trading and turnover has been accompanied by extensive reforms. The intention is to make the city fully competitive with other centres by 1992, when the barriers that separate the European financial and service markets are due to be swept away. **George Graham** reports.

Ready to meet twin challenge

THE EXPANSION of the financial markets in Paris has been startling. Trading in shares has multiplied by 16 over the past 10 years, while bond trading has mushroomed to 60 times its previous volume. In the past two years alone, turnover has quadrupled.

The change in size is impressive enough, but it has been relegated to the level of mere statistics by the structural and institutional changes which have simultaneously overhauled the Paris marketplace.

The programme of modernisation and liberalisation undertaken in the past two years had first to bring the financial markets into the 1980s, and then to prepare them to meet the twin challenges which are engraved on every French financier's heart: London, and 1992.

London's ambitions to become the only financial centre that counts in the European timezone pose the more immediate threat. Already, a large volume of the trade in French securities is carried out in London by British or American brokers. Several major French banks, such as Banque Nationale de Paris or Paribas, have based their international capital markets operations in London rather than in Paris.

The horizon of 1992, when the barriers that separate the European Community's financial and service markets are due to be swept away, may be even more overcast, however, if France's banks, brokers and institutional investors have not managed to make themselves competitive on a European scale.

The process of change has not simply been the result of a new Right-wing government coming into office, as Mr Jacques Chirac, France's Prime Minister since March last year, and Mr Edouard Balladur, his Finance Minister, would sometimes like to suggest.

The reforms that have broken down the compartments dividing up the French debt markets, modernised the system of monetary control and slashed back the complex system of credit subsidies were begun well before Mr Balladur's arrival in the Finance Ministry's wing of the Louvre.

Even the language that Mr Balladur uses to describe the main axes of the reforms echoes strangely the wording of Mr Jean-Charles Naouri, who was *Directeur de Cabinet* to the Socialist Finance Minister, Mr Pierre Beregovoy, as he described the "three wings, distinct but complementary, of the reforms: the creation of a major financial market, the reduction of credit subsidies, and the reform of the methods of monetary control."

The reforms have, however, been driven to a remarkable extent by the state, not by the markets themselves and their participants. In many cases it has been the Treasury that has prodded the banks and brokers of Paris into change.

The new government has taken the process a stage further, speeding the efforts at liberalisation and, in particular, introducing the ingredient of privatisation into the recipe.

Privatisation has succeeded in a way that has surprised even its most ardent supporters. The wave of individual subscriptions for the first two privatisations—St Gobain, the glass and packaging group, and the merchant bank Paribas—caught the authorities off-guard.

With 3.8m priority individual applications for Paribas shares, all Mr Balladur could dole out was four FFr 405 shares to each investor—not the 10 minimum expected under the privatisation law.

Hasty measures have had to be taken in response to Paribas's almost embarrassing success: share splits in the next companies on the privatisation schedule, and even plans to permit a ballot in case a future flotation ends up with less than one share for each applicant—an outcome which was simply not considered in the original privatisation legislation.

One result of the success of the early flotations has been a calming of fears that the privatisation programme might saturate the Paris markets—causing difficulties for private sector companies which wanted to raise capital—and in consequence, an acceleration of the sales schedule.

The Government had originally planned on FFr 30bn of privatisations this year, but already Mr Alain Juppe, the Budget Minister, says the total is likely to be FFr 40bn to FFr 45bn—not taking into account the additional funds which will be called for from the markets by companies such as CGE, which plans a simultaneous capital increase at the time of its privatisation.

Many observers believe the Government is still being cautious in its projections, and that the privatisation of Societe Generale, the third largest commercial bank in France, is likely to take the total to more than FFr 60bn.

The Finance Ministry, nevertheless, is showing a prudence in its use of the privatisation receipts that has not been evident in the British privatisation programme.

Only two uses for the receipts are allowed by the privatisation law—repayment of the public debt, and capital increases for enterprises that remain in the public sector. Two thirds of the receipts are in fact to be devoted to the reduction of the public debt this year.

The disindebtment exercise is viewed very seriously by Finance Ministry officials. If market saturation now appears less of a threat for the equity markets, it is nevertheless true that much of the cash being drawn into equities, and especially into the privatisations, is being sucked away from the bond markets.

By paying off public debt, and thus reducing the state's demands on the bond market, the Finance Ministry hopes that the phenomenon of saturation will not simply be diverted away from equities only to reappear elsewhere in the capital markets.

The transfer of investors' interest away from debt financing into equity finance, however, is in general viewed favourably by the Government, and it has received a significant boost from the privatisation programme.

"The relative size of our financial market is still modest on the international scale. Without even mentioning the case of Great Britain, where the City of London has always occupied an eminent position, numerous countries now have levels of stock market capitalisation compared to gross domestic product which are superior, or even greatly superior, to ours: I am thinking notably of West Germany or Switzerland," Mr Balladur said recently.

French Treasury statistics show the country's equity market capitalisation stood at 13 per cent of GDP, compared with 24 per cent in West Germany, 40 per cent in the US, 60 per cent in Japan and 65 per cent in the UK.

Although the French figure is estimated to have risen to 25 per cent in 1986, thanks to the sturdy rise in share prices and sizeable issues of new equity, the Government is still keen to encourage a further shift towards equity finance.

If the new government has adopted the reforms begun by its Socialist predecessor and has undoubtedly taken them further and faster, there remains a question mark over whether it is really prepared to extend the cause of liberalisation to its extremes.

Mr Balladur's failure to end exchange controls completely has caused considerable disappointment overseas and in the French financial community. Even if many controls have been abandoned—Mr Balladur claims 90 per cent—some were abolished more in form than in substance.

French banks are now, in theory, permitted to lend French francs to non-residents. This freedom is limited, however, to the level which they can fund themselves abroad in francs. The end result is no increase in their lending, but simply the transfer of some of their lending to non-residents back to Paris from their overseas branches.

Mr Balladur, who stands firmly in the tradition of Colbert, has also felt compelled on several occasions to intervene when he felt that the French were not learning fast enough from the "apprenticeship of liberty."

The banks, when their plans to introduce charges on cheque-book-use ran into consumer opposition, were asked to think again by Mr Balladur—when, ironically, it was the Finance Ministry which had been encouraging them to set their finances on a more secure footing by charging for services.

The insurance companies, too, were rapped over the knuckles when they responded to a sharp rise in the cost of car repairs—recently freed from price controls—by warning that they would have to raise their own premiums.

The memory makes some insurers wince when they hear Mr Balladur declaring proudly that France is one of the few countries in Europe in which insurance premiums are no longer subject to official controls.

Mr Balladur's plan for the reform of the structure of the stock exchange raises the same question mark, for it leaves on one side the question of fixed commissions—the key to Wall Street's modernisation a decade ago, and to London's Big Bang.

With this doubt hovering over the keenness of the Government, the test of whether the reforms have succeeded or failed in putting France on a competitive footing for the challenge of 1992 will be whether the private sector takes up the baton from the state.

Stock Market

Sizing up the London threat

MR XAVIER DUPONT, chairman of the French Stock Exchange, is much too polite to say: "We told you so."

He does not succeed, however, in concealing a certain satisfaction at the turn of events in London, where the first casualties of the Big Bang are withdrawing, with losses, from market-making in equities.

The retreat provides a comforting reassurance that France's own stock market reform, announced last month, will not be too little and too late to keep Paris competitive against the ambitions in continental Europe of the London-based securities houses.

If a house like Midland Montagu, with the name and the capital of a clearing bank behind it, has to pull out from making a market in UK stocks, Mr Dupont reasons, then the Paris brokers need not be so afraid about the inroads London market makers are achieving in French equities.

"In the last six months, firms have begun to realise that they cannot do everything out of London, and that is a good thing," Mr Dupont comments.

The French brokers do not feel in a position to underestimate the threat of London. According to some estimates, over 15 per cent of the daily turnover in the main French shares bypasses the Paris bourse and is handled by market makers in London.

Turnover in Paris has rocketed in recent years. From FFr 94.2bn in 1984, equity trading volume on the Paris Bourse climbed to FFr 166bn in 1985 and more than doubled to FFr 411.2bn last year.

The surge of interest created by the Government's privatisation programme among small investors will almost certainly spark a further rise in turnover this year.

St Gobain, the first company to be privatised and quoted for the first time on Christmas Eve, was the most actively-traded stock in December, and the third most active in January. Paribas, privatised at the end of January, was the third most widely traded in February, despite being listed only on the second-tier cash market.

But if the French market has made enormous strides in its trading techniques and its back office capacity to cope with this surge of activity, many major institutional investors remain critical of the liquidity of the Paris market. The result is that deals in major lines of stock are *often passed through London.*

"The cost of transactions on the French bourse is not high in terms of brokerage—perhaps 2 per cent for a round trip—but there is a liquidity cost. The market is not liquid so when you want to buy the price can move against you by 2 or 3 per cent," says the head of fund management at one major bank.

The changes already undertaken to meet this criticism are considerable. Last year saw the creation of a new market, jointly undertaken by the Bourse and the banks, in financial futures, the start of a morning session for the 30 most actively traded stocks to supplement the single afternoon fixing session and the development of an interbank market in French bonds in wary but so far peaceful coexistence with the official bourse bond trading.

In addition, last year saw the beginning of a continuous computerised market which now covers more than 50 stocks and is expected to extend to 100 stocks by the end of 1987. The CAC computerised continuous market, based on the Cats trading system developed by the Toronto stock exchange, started tentatively by listing some of the less-vigorously traded shares.

Dealers say turnover has increased in some of these stocks as a result of their listing on the continuous market, and some more heavily-traded stocks, such as Total, have now been added.

In June, the Bourse plans to add a traded options pit dealing initially in options on six leading equities and extending later, it is hoped, to further shares and to an option on the stock exchange index. A new continuous CAC index, similar in concept to the FT-SE 100, is currently being developed to serve as a base for this contract.

The need to quote the equities underlying these options continuously will lead to the creation of a special trading pit adjoining the new options pit. Mr Dupont recognises that the proliferation of different trading techniques runs the risk of complicating and compartmentalising the market and hopes that the Stock Exchange will be able to make progress towards simplifying some of these techniques.

The major reform of the Stock Exchange's status and structure, however, is to be spread over the next five years. It will see the death of the stockbrokers' monopoly over dealing in domestic shares which has existed since Napoleon and, French Finance Ministry officials hope, prepare Paris to meet the twin challenges posed by the London banks and brokers on one side and the impending liberation of the European Community's internal market in services in 1992.

The planned reform has two main axes, the end of the stockbrokers' closed shop, which has excluded banks and other securities houses from share dealing in France, and the progressive opening up of the brokers' capital to outside investors, including banks.

The 45 Parisian firms of stockbrokers and the 15 regional firms will keep their official monopoly until 1992, but from January 1 1988 they will be able to sell up to 30 per cent of their capital to outside investors.

From the beginning of 1989 the permitted proportion of outside capital will rise to 49 per cent, and from the start of 1990 100 per cent ownership will be allowed.

The stockbrokers will be allowed to expand their range of activities into areas such as the money market. In particular, they will be able to apply to be treated as securities houses, a new status permitted under Article 99 of the French Banking Act.

After 1992—a date which now rings furious alarm bells in the minds of many in the French financial sector, since it heralds the opening up of the European Community's internal market in services—the closed shop of the stockbrokers over share dealing in France will end, and new companies will be allowed to set up in business.

The French authorities are sticking, however, to the concept of a single, centralised market for equity dealing, and all share dealers will have to belong to the new stock exchange authority, which will replace the existing Compagnie des Agents de Change (CAC).

While Finance Ministry officials say the new authority will be expected to be open to new applicants, and not simply to create a new monopoly in place of the old one, they also expect to use the authorisation procedure as a weapon to secure market openings in other countries such as Japan.

"I think we will be very demanding on the point of reciprocity," says a senior official.

The reform leaves a number of possible strategies open to the stockbrokers, who have enjoyed a peculiar, and in recent years exceedingly lucrative position as, technically speaking, public appointees who swear on oath to serve the state.

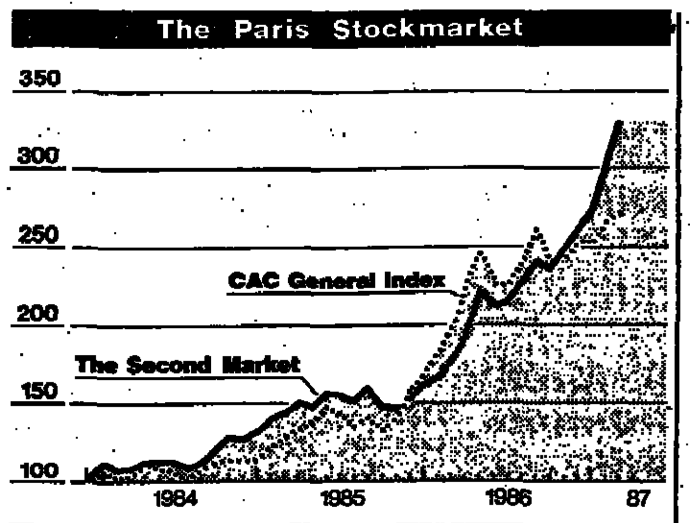
They can continue as independent agency brokers — with or without recourse to additional outside funding — or try to develop into full scale securities houses, or sell out to a bank or foreign broker which wants to make sure of a foothold in the market.

Even before the announcement of the planned structural reform, several brokers were already forming alliances to increase their access to capital and enable them to play the role of *contrepartiste*, taking active positions in stocks, which is crucial to the development of the market's liquidity.

Among the 13 groups recently named by the French treasury to act as primary dealers in the government debt market, for instance, were two consortia involving stockbrokers.

One, Finance Contreparties, teamed the broker Le Guay Massonaud with the expanding financial dealer Dumenil Leble. The other, Groupement Finance Plus, added the financial muscle of Mr Edmond de Rothschild's Compagnie Financiere and Lloyds Merchant Bank of the UK to a partnership of three brokerage houses — Auboyneau-Labouret Ollivier, Ferri-Ferri-Germe and Tuffier-Ravier.

George Graham



Xavier Dupont: Paris brokers need not be afraid.

Money/Bond markets

Reforms cut the barriers

FRENCH GOVERNMENT financing techniques have often appeared Byzantine, parochial and downright inefficient.

The last two years, however, have seen a spring-clean of the Government's debt management methods that has not simply cut the cost of raising funds for the state but has also laid the foundations for a complete modernisation of Paris's capital markets.

The reforms have broken down many of the barriers that separated the different compartments of the financial market, and made the principal borrower, the state, into a true benchmark for other issuers and for investors alike.

They have also greatly simplified the peculiarities of the French markets and made them recognisable to international *investors*.

At the same time, the Government has undertaken a thorough transformation of its monetary policy, which is no longer carried out through quantitative credit controls, the so-called *Encadrement du credit*, but through the Bank of France's pressure on interest rates in the money markets.

This move away from a static system founded on the sharing out of quotas among the different banks opened the way for the advance into a free market culture.

The changes in the capital markets have been led by the French Treasury, which has thoroughly updated its techniques for issuing Bills and bonds.

Treasury Bills are now issued in only two types: fixed rate bills issued at a discount, or BTF, with maturities of 13, 26 or 52 weeks; and bills with an annual coupon (BTAN) issued for maturities of two or five years.

The Bills are now issued at regular weekly auctions organised by the Bank of France. *Over FFr 240bn of these negoti*able Bills are now outstanding, including more than FFr 50bn held by non-bank investors.

Treasury officals say that the size of the outstandings, in conjunction with the simplification of the types of Bill issued and the regularity of the auctions, have allowed a real secondary market to take off—helped by the fact that non-bank investors such as insurance companies and pension funds have been progressively excluded from the interbank money market to which they used to have access.

In parallel to the development of the Treasury Bill market, however, has come the creation of flourishing markets in *banks' certificates of deposit* and in commercial paper—known in France as *billets de tresorerie* to distinguish it from short-term trade finance paper—issued by companies.

The commercial paper market took off so rapidly after its opening at the end of 1985 that the authorities were obliged to calm proceedings by placing an unofficial ceiling on new issues.

The ceiling was lifted again at the beginning of this year and the volume of commercial paper in issue has climbed quickly from about FFr 25bn in the second half of 1986 to over FFr 34bn.

Outstanding certificates of deposit have also risen steadily in volume over the past year, from FFr 29bn at the start of 1986 to FFr 60bn at the end, growing further this year to more than FFr 90bn.

Regulations governing these parallel markets have gradually evolved until the three types of paper—government, bank or corporate—now share the same characteristics and maturities.

Over the years, the state had *tended to issue* increasing numbers of bonds with a bewildering variety of fiscal advantages. Each year, one or sometimes two of these *grands emprunts* would be placed with a syndicate of the leading French banks.

Since June 1985, however, the Treasury has begun to issue tranches of a limited number of reservoir stocks known as OATS, or *obligations assimilables du tresor*, through a process of regular monthly Dutch auctions.

Mr Daniel Lebegue, the director of the Treasury who is credited by many with the responsibility for much of the reform, now has the satisfaction of pointing out to his counterparts *in London that France is* now more advanced than the UK when it comes to debt-issuing techniques. The Bank of England is still only dipping a toe into the auction pond.

In 1987, with the auction technique now tried and tested, the Treasury plans to borrow FFr 120bn to FFr 140bn using only five lines of OAT, and has published the calendar of auctions for the whole year in advance. The OATs now include a new variable-rate bond indexed on the yield at the weekly Treasury Bill auction.

A syndicate, led by BNP, was used in January for the issue of the first tranche of the new variable rate bond, which the government feared might otherwise prove difficult for the market to price. Subsequent tranches of this bond have reverted to the auction system.

Besides dusting off traditional instruments, however, the Treasury has also played a leading role in promoting the development of new instruments in the Paris marketplace.

Its efforts have reaped an early reward with the success of the Matif, or Marche a Terme d'Instruments Financiers, Paris's financial futures exchange.

Offspring of an uneasy marriage between the stockbrokers and the banks, the Matif opened for trading in February last year in a corner of the elegant Palais de la Bourse. Within weeks it was clear that larger premises would be needed.

The Matif's first futures contract, based on a notional government bond with a coupon of 10 per cent and a life of seven to ten years, instantly fulfilled a need among treasurers and investors. By the end of the year 1.66m contracts had been traded, 980,000 of them in the last three months of the year, and turnover now regularly matches that in the older-established long gilt contract at London's Liffe exchange.

Turnover in the government stocks underlying the contract now accounts for more than half the activity on the secondary bond market.

The second Matif contract, on Treasury Bills, has not been a success, but market officials still hope it will take off this year as the underlying cash market comes of age.

The Government has taken an increasingly dominant place in the French capital markets over recent years.

Overall, the state accounted for FFr 141bn or 40 per cent of all new issues on the domestic French bond market last year. Trading in state bonds on the official secondary market more than tripled to FFr 965bn, 58 per cent of total volume.

George Graham

Takeovers

Waking up to risk of hostile bids

HOSTILE TAKEOVERS have until recently not been the done *thing in France. The closed and* sheltered world of French finance has always preferred to arrange takeovers and acquisitions on a friendly negotiated basis around what the French like to call "a tour de table."

But during the past 12 months, Paris had had to adapt to the wind of change that has swept through its financial markets.

The impact of Big Bang in the UK and of the rise (and sometimes fall) of a new breed of international takeover artists and raiders has not left Paris untouched. Indeed with a booming bourse, a government committed to financial deregulation and privatisation and the development of popular capitalism, French companies have *had to wake up to the* uncomfortable fact that they can now become targets of hostile bids from French and international raiders.

Takeover activity has centered on a varied selection of sectors ranging from the French food business, the luxury goods and drinks sector, car components and publishing, among other industries.

Moet Hennessy, the leading French champagne, cognac and perfume group, recently launched a FFr 800m Eurofranc bond issue with equity warrants designed to raise up to FFr 4bn in fresh equity over the next three years.

The money, the company acknowledges, will help Moet defend itself from an eventual attack at the same time as giving the group additional financial resources to launch an acquisition of its own.

BSN, which itself launched a controversial hostile raid against Generale Biscuit, the country's leading biscuit maker, has also now taken steps to protect itself from a possible bid. As the country's leading foods group, BSN has long been seen as a takeover target for an international food or consumer goods consortium.

Mr Carlo de Benedetti, the Italian financier and entrepreneur and chairman of Olivetti, has undoubtedly played a leading role in helping France to adapt to the new takeover climate. He has been particularly active in developing his presence on the French market by first forming a French holding company called Oerus and subsequently launching a number of acquisitions.

In the food sector, Mr de Benedetti's Buitoni food group acquired a leading French frozen foods concern while the Italian entrepreneur also gained management control of Valeo, the country's largest car components group.

Another investment involved the acquisition of a stake in Yves Saint-Laurent, the leading French fashion house, and then teaming up with the French company to mount a successful bid for Charles of the Ritz, the perfume and cosmetics group controlled by the US Squibb group.

Not content with the coups, Mr de Benedetti also launched a bid for Presses de la Cite, a leading French publishing group. However, he was thwarted by another takeover specialist, Sir James Goldsmith, whose Generale Occidentale group finally won control.

But Mr de Benedetti has been only one of a series of Italian investors to have cast their sights on France. Fiat, more discreetly, has been building up its presence in France by, among other moves, a series of acquisitions and joint ventures.

These have included the recent creation of a joint venture with Matra, the French state-controlled defence and electronics group, to form a new car components group controlled by the Italian car concern.

At the same time the Italian Ferruzzi group has also increased its stake to 50 per cent in Beghin-Say, the French sugar concern, while Mr Silvio Berlusconi, the Italian television magnate, has *invested in* the newly-deregulated French television broadcasting industry by acquiring a stake in the French network "La Cinq" or Fifth Channel. All this Italian activity has led the French administration to talk at times of "an Italian invasion."

However, although the administration acknowledges that it was worried at the beginning by the sudden surge of takeover activity and the growing number of acquisitions involving foreign groups, it has also made it clear that it now regards these operations as part of the natural course of a liberal open market economy.

"You clearly can't let anything happen and there are *strategic implications involved*. But you must also accept that with global markets and an increasingly deregulated market, takeovers become a growing fact of life for French business," a senior official remarks.

He also pointed out that if takeover activity has been increasing in France, French companies have also for their part been *highly* active in acquiring new assets abroad, especially in the US.

The French shopping spree in the US has included the acquisition of Big Three Industries by L'Air Liquide for US$1.06bn, one of the largest ever acquisitions in the US by a French company. Rhone Poulenc, the *nationalised* chemicals group, also acquired for US$575m the agricultural chemicals business of Union Carbide, while the Total oil group has been buying oil assets in the US.

Paul Betts

Domestic banks

Strong demand for shares

FRANCE'S BANKS have long been accustomed to dressing up their balance sheets in order to make themselves look bigger. Now they are dressing up for another dance, the privatisation polka.

It is an exercise which appears to have found favour with the sharebuying public. Paribas, the first bank to be floated earlier this year, was almost carried away on a flood of 3.8m subscribers.

The smaller banks which are to follow Paribas into the private sector this spring—Sogenal, Banque du Batiment et des Travaux Publics, Banque Industrielle et Mobiliere Privee and Credit Commercial de France—now face the task not so much of whipping up investors' interest for their own privatisations as calming the tempo and smoothing demand for their shares down to a manageable level.

The entire French banking sector is embarking on the privatisation adventure from a very secure base.

The five years of nationalisation may have damaged the self-esteem of the Paris bankers who thought of themselves as the spirits of free enterprise. For most banks, however, they provided an opportunity for a substantial effort to improve their balance sheets.

For some, such as Banque Worms or Europeenne de Banque, the former Rothschild bank now in the CCF group, nationalisation was even more beneficial, providing the lifeline that hauled them out of heavy losses.

If the more profitable banks grumble that the state never provided them with any fresh capital, the other side of their tacit bargain with the French Treasury was that they were not required to pass on enormous profits to their single shareholder.

Instead, they were encouraged to make a substantial effort to reinforce the level of their provisions for bad debts. The effort began as early as 1979, before the arrival of the Socialist government, with the state playing the twin role of supervisor, urging higher provisions, and tax inspector, allowing these provisions to be set off against tax.

From 1982 onwards, the state added the third role of complaisant shareholder.

"The principal pre-occupation of a French banker in 1982 to 1986 was not to publish any profits," comments Mr Michel Vigier of the Paris stockbroking firm Cholet-Dupont.

The provisioning effort is not yet over. Indeed, the Treasury recently broadened its definition of high-risk debtors, thereby almost doubling the number of countries on whose sovereign debt provisions can be made free of tax.

The list now includes—besides countries with admitted payments difficulties and those which have reached rescheduling agreements with the commercial banks or with the Paris Club of sovereign creditors—a third category of countries whose export earnings appear insufficient to enable them to meet their debt-servicing obligations.

The definition is not precise, but in general countries whose debt service amounts to 25 to 40 per cent of their total exports of goods and services would be covered. The average for all oil-importing developing countries in 1985 was 18.4 per cent, according to the World Bank, while for oil exporters, other than the high-income countries, the average was 31.8 per cent.

While the new list will be much longer, it will not greatly increase the volume of loans regarded by the authorities as bad risks. The largest debtor countries were already covered by the earlier list.

Indeed, the concern of the French authorities is now not so much to increase the level of provisions across the board as to harmonise provisioning practices.

While there are many banks—especially the subsidiaries of foreign-owned banks, according to French banking officials—who have not kept up with the provisioning effort undertaken over recent years by the major nationalised banks, there are some, too, which are now viewed by the state as having over-provisioned.

The three old ladies of French banking—Banque Nationale de Paris, Credit Lyonnais and Societe Generale, nationalised by General de Gaulle immediately after the Second World War—are now felt to be very heavily insulated against defaults, and are expected to have made provisions on about 40 per cent of their sovereign debt by the end of this year.

"It is difficult to provision much more than 50 per cent of your sovereign risks. The big three now have a problem finding risks to provide for," comments Cholet-Dupont's Mr Vigier.

Even without the prospect of privatisation, provisions policy would have been likely to change. With their move into the competitive sector now imminent, they have to pay more attention to their published profits.

Societe Generale, headed by Mr Marc Vienot, is due to be floated by the autumn, possibly as early as June. Mr Jean-Maxime Leveque, president of Credit Lyonnais, is aching to follow soon afterwards, even if Mr Rene Thomas of BNP is less enthusiastic about the joys of denationalisation.

"The big three have been rather over-generous in establishing provisions on the debt of less-developed countries. They have realised that at this stage in their development it is necessary for them to show something approaching European standards for post-tax return on assets," comments Mr Ian Furnivall of the London brokers Savory Milln.

Recalculating the figures shows that there is plenty of earnings capacity lying in wait. Apart from the sizable potential for accelerating the realisation of capital gains—which featured prominently in the accounts of Paribas, the first bank to be privatised—a second look at the conventional ratios makes France's banks appear in a better light.

BNP, for example, has forecast net earnings of FFr 3bn for 1986, which works out at a little over 0.3 per cent of its total assets—compared with something over 0.6 per cent for the main UK clearing banks.

Jean-Maxime Leveque: keen on flotation

Its gross earnings capacity, before corporation tax and provisions but after amortisation and general expenses, amounted to about FFr 10bn, however. The ratio is over 2.4 per cent.

If this figure is related to outstanding lending rather than to total assets (which are inflated by the traditionally high level of interbank activity in France), the ratio is over 2.5 per cent, comparable to that of the major UK and US commercial banks.

However, France's banks do face problems over their future profitability.

Traditionally more dependent than their overseas competitors on their interest rate margins, French banks have been trying in recent years to improve the percentage of their earnings derived from fees and commissions on their services rather than from lending margins.

Societe Generale and BNP both increased the share of commission earnings in their total banking revenue to 23 per cent last year.

The process of disintermediation—notably the rise of a FFr 34bn commercial paper market which eats directly into the banks' corporate lending business—has hurt many French banks, and contributed last year to a drive into personal lending and financial services.

Personal lending rose 17 per cent last year at BNP, and 27 per cent at Societe Generale, which was particularly aggressive in its marketing of personal loans.

But the banks have run into a united front of popular and political opposition in their attempt to improve profit margins in the personal banking sector. The issue of bank charges for cheque book services was viewed by the banks as crucial to the future quality of their earnings, but it is an issue which has now had to be buried, at least for the medium term.

French consumers outstrip the rest of the world in their use of cheques as a means of payment, and the sums of money involved in introducing charges for cheque book use are considerable.

Last year, the French wrote an estimated 5.5bn cheques, including 1bn cheques for FFr 100 or less. Each cheque costs about FFr 3 to handle.

If the banks did not hope to earn all that much directly from cheque charges, they did hope to dissuade their customers from making such heavy use of their chequebooks, with the heavy processing costs associated and instead to turn to cash and payment cards.

Plans for introducing the charges were already well advanced when Mr Jean Arthuis, the newly-appointed Minister for Consumer Affairs, voiced his opposition to the scheme.

Mr Edouard Balladur, the Finance Minister, anxious not to let his junior minister steal the popular glory, and worried that the additional charges would be one more upwards pressure in a price index already showing alarming signs of taking off again, promptly weighed in and asked the banks to think again.

Most banks promptly withdrew their plans to charge for chequebook use.

George Graham

Institutional investment

Privatisation plan a success

FRENCH SAVERS are showing a new thirst for equity investment that is confounding even the most optimistic assumptions about the development of Paris's financial markets.

With a programme that envisages floating 65 companies worth perhaps FFr 300bn on the stock exchange over the next five years, the Right-wing government of Mr Jacques Chirac had grounds for concern over whether the French market had the absorptive capacity to make these privatisations a success.

Even without the privatisation programme the French market has already responded to a sharp increase in demand for equity funding. A decade ago, new issues of equities averaged FFr 10bn to 15bn a year. By 1985 the figure had risen to FFr 77.6bn, and last year it nearly doubled to FFr 143.7bn.

After the enormous success of the first two privatisations, however, the Finance Ministry has been encouraged to accelerate the programme to a rate that would have been unthinkable two years ago, when the theoreticians of the Right were still in Opposition and mapping out the strategy of privatisation.

Where the prophets of denationalisation were trying to persuade the markets that they could without fear absorb FFr 15bn to 20bn a year in privatisations, the programme now seems set to reach FFr 65bn in 1987, double the amount originally planned in the budget for the year.

For St Gobain, the glass and packaging group which was the first to be floated in December last year, more than 1.5m individual investors applied for shares. Institutions received only 1.5 per cent of the shares they had asked for.

Paribas, the investment bank second on the privatisation list, created even bigger headaches. With more than 3.8m individual applications, all orders were reduced to a maximum of 4 shares of FFr 405 each. Institutions, other than those which had paid a premium to acquire a significant long-term stake outside the public offer, got nothing at all.

The Paribas offer doubled overnight the number of direct personal shareholders in France, a country whose equity market capitalisation has traditionally lagged behind that of comparable developed economies.

This mobilisation of direct personal investment is particularly important because of the under-development of retirement investment in France. Pension funds account for less than 2 per cent of equity investment, according to the Commission des Operations de la Bourse, the stock exchange regulatory authority, with a further 10 per cent made up by the insurance companies and 1.5 per cent by the Caisse des Depots, the huge financial institution which acts as a sort of savings bank to the state.

The mutual fund industry, in contrast, has developed rapidly and now weighs heavily in the Paris market.

The Sicavs—Societes d'Investissement a Capital Variable—or unit trusts have grown in number from 130 in 1980 to 504 at the end of last year. Their progress in size has been even more remarkable, from FFr 62.6bn in 1980 to FFr 702bn at the end of 1986.

Sicavs are obliged to hold at least 30 per cent of their assets in bonds, but for FFr 104bn is invested in French equities, while FFr 305bn is invested in short-term debt instruments.

The FCPS, or Fonds Commun de Placement, which are limited in size but have a freer investment framework, add another FFr 250bn to the mutual fund pool.

But in the wider macro-economic framework, the level of savings in France causes concern to the authorities. Household savings as a proportion of income have been in continuous decline since 1981 and are now at 12.3 per cent, their lowest level since the 1950s. The financial savings ratio has also been in decline and now stands at only 4 per cent.

Official forecasts for 1987 show an increase in consumer purchasing power of 1.8 per cent, with consumption rising by 2 per cent. The government is therefore expecting the savings ratio to drop further to 12 per cent and the financial savings ratio to 3.7 per cent.

It is little surprise, then, that this government, like most of its predecessors, has turned to the tax system in a bid to encourage household savings and investment.

Mr Rene Monory, Minister of the Economy in the government of Mr Raymond Barre and today Minister of Education under Mr Chirac, gave a model to the world with his Loi Monory, a set of tax incentives designed to encourage direct investment in equities introduced in the system of *Compte d'Epargne en Actions*, share savings accounts, which took up the baton from the Monory measures, is due to come to an end at the end of 1987. The Government does not plan to renew it, saying that its current version appears too complicated and actually discourages investors, although it does plan instead to raise the tax-free allowance on income from bonds and shares.

But Mr Edouard Balladur, who now occupies the seat of Minister for the Economy, has returned to the trough with another measure designed to encourage saving for retirement.

The plan d'Epargne en Vue de la Retraite (PER) is modelled on the US system of individual retirement accounts (IRAS) and will allow tax-deductible savings of up to FFr 6,000 a year. The hope is to encourage long savings and also to offer an eventual, if partial solution to France's growing problem of how to finance pensions for its retired population—a problem which has thrown the social security system into crisis.

George Graham

Financial Investments by French Households

	Total FFr bn	(FFr bn net) Bonds FFr bn	Shares FFr bn	Savings ratio
1980	205	45.4	9.6	14.9
1981	245	40.0	21.0	15.8
1982	274	72.8	−16.0	15.7
1983	331	43.8	41.3	14.4
1984	294	34.5	48.1	13.5
1985	266	42.9	50.8	12.3

Source: Insee

Regulation

Careful watch on foreign scandals

GUINNESS? Not in France. Boesky? He could never have done it here. But Volkswagen?

With the Volkswagen Affair, and the sudden disappearance of a large proportion of the West German car producer's profits into the maw of the foreign exchange markets, French financiers have started to look with a different eye on the wave of scandals that has afflicted their brethren in London and New York.

"I am persuaded that this affair is the first alarm bell, the first in a series of discoveries," says Mr Rene Ricol, chairman of the French Association of Auditors, who fears that the increasing complexity of the financial world may provoke "almost monstrous events."

The French authorities have not been complacent. No major bank, insurance company or stockbroker has defaulted in France since the war. The Treasury, the Bank of France and the bourse authorities are anxious not to see this reputation disappear in the changes that are sweeping the institutions in their charge.

"We have to do everything possible to maintain the safety of savings invested in financial assets. Without this safety, no economic or financial development would be possible or permanent," says Mr Edouard Balladur, Minister for Finance and the Economy.

And French officials point to the upheavals around Guinness in the UK as proof that they were right to move slower than London on the reform of the financial markets.

"We wanted to learn all the lessons of the Big Bang. That includes the safety aspect, and you cannot hurry on that," comments a senior Finance Ministry offical.

On the banking side, the authorities have tightened up their reserve and solvency requirements, partly as a result of their move away from quantitative credit controls and towards a monetary policy put into effect through interest rates.

Mr Michel Camdessus, who has now swapped his position as governor of the Bank of France with Mr Jacques de la Rosiere, now back in Paris after nine years as managing director of the International Monetary Fund, announced the introduction of the new controls last November at the same time as the ending of the *Encadrement du Credit*, the old system of quantitative credit limits.

Banks now have to maintain obligatory reserves amounting to 5 per cent of their sight deposits and 1 per cent of term deposits. In addition, Mr Camdessus introduced a prudential ratio requiring long-term assets—including capital, provisions and borrowings of over five years—to amount to more than 60 per cent of long-term lending.

The Bank of France has also introduced restrictions on banks spreading themselves into non-banking activities, limiting these to 10 per cent of their operations.

At the same time, the Commission Bancaire, the regulatory authority established under the new banking law in 1984, has been discreetly encouraging banks to increase their bad debt provisions.

On the securities side, the Commission des Operations de la Bourse, or COB, the stock exchange regulatory commission headed by Mr Yves le Portz, has been pressing for improvements in the information and accounts published by quoted companies, and for greater disclosure of stakes acquired in other companies.

New rules, to be added to the legislation on savings planned for the spring session of parliament, will require a predator to disclose his stake in a company when it reaches 5 per cent—not 10 per cent as at present. Further disclosure thresholds are to be set at 10 per cent, 20 per cent, 33.5 per cent and 50 per cent.

The COB is also leading efforts to establish a code of conduct for participants in the financial markets, in a bid to grapple with the problems posed by multiple capacity, when intermediaries acting in several roles at once face conflicts of interest.

For insider trading, the COB feels that the regulations introduced in 1983 to complete the 1967 legislation are sufficiently comprehensive, but it recognises that it has often proved difficult to bring enough proof to satisfy the courts. Prosecutions do take place, but convictions are extremely rare.

A working paper on stock market ethics has, however, been drawn up by the COB, and a committee set up under the chairmanship of Mr Gilles Brac de la Perriere, chairman of Banque Privee de Gestion Financiere.

In addition, although the structural reform of the Paris bourse was announced by Mr Balladur as bringing the end of the stock exchange monopoly in 1992, even after that date stock market participants will still have to be authorised by the new council which will replace the current stock exchange corporation.

Although self-regulation may be the order of the day, no one in Paris expects the Treasury to lower its own keen interest in the ethics of the financial markets which come under its suzerainty.

George Graham

Company Notice

FT LAW REPORTS

Bunkers freed from Mareva injunction

UNICORN SHIPPING LTD v DEMET NAVY SHIPPING CO LTD

Queen's Bench Division (Commercial Court): Mr Justice Hirst: April 1 1987

AN INJUNCTION to restrain a defendant time-charterer from removing bunkers from the jurisdiction will be discharged if its effect would be to detain the vessel after expiry of the charter period so that the shipowner, as innocent third party, would suffer severe detriment through *loss of future* fixtures.

Mr Justice Hirst so held when discharging a Mareva injunction restraining defendant time-charterers, Demet Navy Shipping Co Ltd, from removing bunkers from the jurisdiction. The injunction was granted on the application of plaintiff voyage-charterers, Unicorn Shipping Ltd who applied for its continuance in the present proceedings. Demet did not appear in the application, but the shipowners, JT Maritime, intervened.

HIS LORDSHIP said that Unicorn were voyage charterers of the Pitsa T from Demet, who were time-charterers from her owners, JT Maritime. Unicorn's voyage charter was for a voyage from Liberia to Shoreham and then to a choice of one of two German ports.

The vessel was due to call en route at Bordeaux for discharge of part of her cargo. When she was off Bordeaux a dispute was in progress between the owners and Demet over non-payment of hire. After negotiations it was agreed that Unicorn would disburse various sums at Bordeaux on behalf of Demet, to enable the voyage to proceed.

After discharge of part cargo in Bordeaux the vessel proceeded to Shoreham where she berthed on March 14 1987, and where she still lay. She had since discharged in full.

A Mareva injunction was granted *ex parte* by Mr Justice Staughton on March 27, 1987. It attached to bunkers on the vessel, valued by Unicorn at $20,000 and owned by Demet. It restrained Demet from removing the bunkers out of the jurisdiction.

The effect of the injunction was to preclude the vessel from being moved out of Shoreham harbour.

The present application by Unicorn was for continuance of the injunction. The shipowners intervened seeking release of the vessel so that it might continue trading.

In *Clipper Maritime [1981] 1 WLR 1262* Mr Justice Robert Goff said that the Mareva jurisdiction "should be implemented in a manner which takes account of the interests of innocent third parties."

In Galaxia Maritime [1983] 1 WLR 539 Lord Justice Kerr said "where the effect of service of the injunction on the third party substantially interferes with the third party's business, the rights of the third party must always prevail over the desire of the plaintiff to secure the ultimate recovery of debts. . ."

The owners' affidavit evidence was that if the Mareva injunction continued they would be deprived of the use of their only trading asset.

They said the time charter was effectively at an end; Demet had not paid hire for two to three months; the charter period was for 91 days and theoretically expired on January 12 1987, but was extended only to allow the vessel to finish the voyage; and it only remained for the shipowners to terminate the charterparty by accepting Demet's conduct as repudiatory.

Also, they said, they had fixed the vessel to a third party for a voyage from Stettin to the Adriatic. The vessel had been ready to leave since discharge at Shoreham. They wished to leave immediately otherwise they would lose the fixture. The running costs of the vessel were about $1,627 per day.

Mr Haddon-Cave for the shipowners submitted that the case fell fair and square within the *Galaxia Maritime* principle. Mr Jacobs for Unicorn submitted that the shipowners had failed to establish that the charter was at an end, and contended it was still subsisting.

He categorised the owners' evidence as "mere assertions" and relied on telexes from Demet asserting that the vessel remained on hire, and on telexes from the owners referring to future possible voyages.

The Demet telexes carried no weight since Demet had shown themselves hopelessly unreliable. The owners' telexes did no more than indicate a willingness to enter into future fixtures.

The owners' evidence was unimpeachable. It went far beyond mere assertion since it was supported by the charter party itself.

On the evidence the charter party formally expired on January 12 and had only continued on an *ad hoc* basis to enable the voyage to be completed, as it now was. Any notice of termination, if needed at all, would be a mere formality.

The owners were in the same position as the owners in *Galaxia*, and any future loss from the effective detention of the vessel would fall on them and not on Demet.

If the injunction was continued the owners would lose their next fixture; be deprived of any other profitable use of the vessel indefinitely; and have to pay the crew and running costs to no useful purpose. That would cause them losses which must run into tens, if not hundreds, of thousands of dollars.

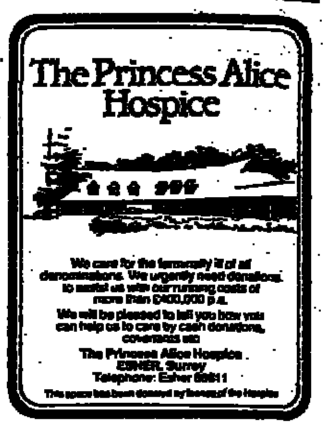
If on the other hand the injunction was lifted Unicorn would lose their security of $20,000, but in practice that would be severely diluted since the owners had their very much larger claim for unpaid freight.

On balance therefore the owners' potential financial loss was much more severe than Unicorn's. The argument in favour of discharging the injunction was overwhelming.

For the shipowners: Charles Haddon-Cave (Ingledew Botterell Roche and Pybus, Newcastle).

For the plaintiffs: Nigel Jacobs (Holman Fenwick and Willan)

By Rachel Davies
Barrister



SOUTH AFRICAN INDUSTRY

Jim Jones explains why growers are untroubled by import sanctions

Cape wine cartel tightens its grip

WHEN CANADA and the US last year moved to prohibit imports of South African wine, a succession of dismal prognoses emerged of the harm sanctions might do to an already depressed Western Cape.

Ironically, there were few gloomy faces among the country's 6,300 wine growers. They were well aware that exports form a comparatively unimportant part of their industry's annual sales—which have a farm gate value of about R275m ($135.2m)—and that they themselves are safely protected inside what is probably the world's best regulated wine and spirits industry.

Long-established production quotas will ensure that any export difficulties do not lead to wine lakes of European proportions.

Nearly 90 per cent of South Africa's wine comes from estates clustered in an arc stretching from Swellendam, about 200 km east of Cape Town, to the Olifants River, more or less the same distance to the north of the City. The country as a whole has 92,500 hectares of vineyards planted with 283m vines (1 per cent of the world total) and the 8.25m hectolitres of wine produced in 1986 represented 2.8 per cent of the world's total.

Wine growing, located in areas of staunch support for the ruling National Party, generates about 30 per cent of the horticultural revenue of the

Absolute control of industry

Western Cape, employs 42,000 labourers and provides a livelihood for about 300,000 people, if the farmers' and labourers' families are taken into account.

The key to the wine industry's confidence lies in the fact that virtually all growers are members of the politically influential KWV (Kooperatiewe Wynbouwers Vereniging), which was established as a co-op in 1918 and which now controls the wines and spirits industry. The growers have little choice but to join the KWV, nor would many want an alternative.

The KWV's control of the wine and spirits industry is absolute. It prevents overproduction through a system of quotas for each individual grape farm and in January each year determines floor prices, which are legally fixed by the government in consultation with the KWV. No-one is allowed to undercut the fixed price.

The KWV also controls the distillation of brandy and other spirits and alcohol from that part of each year's wine harvest which is not sold as natural wine

Nearly 90 per cent of South Africa's wine comes from estates situated in an arc stretching from Swellendam, about 200 km east of Cape Town, to the Olifants River north of the city. The country as a whole has 92,500 hectares of vineyards planted with 283m vines which amounts to 1 per cent of the world total. The 8.25m hectolitres of wine produced in 1986 represented 2.8 per cent of the world total.

or stocked to balance production in future bad years.

This year's total wine crop is estimated by the KWV at 8.44m hectolitres, of which 4.34m hectolitres are classified as "good" wine and will be sold as a natural product or stocked; 2.72m hectolitres will be distilled into brandy or white spirits to make gin and vodka; and the remaining 1.38m hectolitres will be distilled into industrial alcohol for local use or export

South Africa is no exception to the general rule that about four-fifths of the world's wine is drunk within 100 miles of the vineyard. In the Cape, most wine is drunk by those classified "coloured" (mixed-race), particularly on the farms where free low-grade wine—known as *dop*—traditionally forms part of labourers' pay.

The Cape market remains important but, though this is changing, it does not mean that greater proportions of any particular vintage are destined for export. Rather, the industry's marketing emphasis is on increasing sales in what Mr Ritzema de la Bat, the KWV's chief executive, refers to as "the northern market."

Wine drinking has caught on in the economically dominant Transvaal only during the past 15 years or so, but has failed to make great headway against beer brewed by the South African Breweries (SAB) monopoly. Black South Africans, particularly in urban areas, are steadily switching from the traditional sorghum beers towards malt beers, yet wine remains far less popular, despite being favoured by lower excise duties than are applied to beer.

In 1985 SAB sold 13.77m hecolitres of beer countrywide, 60 per cent more than the 8.60m hectolitres sold in 1980. Wine drinking has risen more slowly, from 2.64m hectolitres of natural, fortified and sparkling wines in 1980 to 3.32m hectolitres in 1985. While South Africans of all races drink an average of 120 litres of beer a year, they drink only about 11 litres of wine.

The wine growers' apparent lack of concern over export sanctions derives from the KWV's payment system. In any one year the grower is paid only for the wine consumed in South Africa: the remainder is effectively delivered free to the KWV and the grower receives a later payment for any that is exported.

Exports generally absorb between 5 per cent and 18 per cent of the annual crop and generate a small portion of each wine grower's income. The grower is, furthermore, protected by the KWV's distilling activities. Distilled alcohol not used locally is exported as an industrial commodity which does not appear as a distinctly South African product on foreign retail shelves.

In contrast to the EEC, where guaranteed prices encourage overproduction, the KWV's tight control of the production end of the market in South Africa effectively prevents new acreage being planted to vines—the wine grower would have no local outlet for his product.

That control is reinforced through effective control over retail and wholesale marketing of wine.

In 1979, the government agreed to a liquor industry rationalisation proposed by SAB and Rembrandt, the tobacco and liquor conglomerate. The rationalisation left SAB with a monopoly of the beer market and Cape Wine & Distillers (CWD) with about 80 per cent of the wholesale wine and spirits sector. A limit of five was placed on the number of retail outlets any individual or company could own, which forced SAB to sell most of its outlets. CWD was excluded from the limits and was allowed to own 300 licensed retail outlets out of a countrywide total of about 3,200.

One of the stated intentions of the 1979 rationalisation was that no single company would control CWD. Rembrandt, the KWV and SAB each received 30 per cent of CWD's shares, with the residual 10 per cent being sold to the public.

Shortly afterwards, Rembrandt and KWV put their CWD shares together in a jointly-owned holding company, which gives them effective control of the country's wine industry. CWD does not disclose its annual sales but it generated a pre-tax profit of R141m in its 1985-86 year before inflation accounting adjustments.

The wine producers argued in 1979 that SAB's earlier

Distilled alcohol exported

entry into the wine industry had given it conditional selling leverage at the retail level; retailers could have been pressured into buying SAB's wine in preference to others or face beer supply restrictions. That was the suggestion, though there was never any public evidence that it happened.

Now the boot is on the other foot; retailers are well aware that they could be deprived of CWD's products if they were to stock large quantities of wine produced by estates which are not members of the KWV. The effect is that South Africa's liquor industry is tightly controlled from the production stage to the retail level by the almost equally powerful malt beer monopoly and wine cartel.

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Marketing Officer — UK £ Neg

Our client is a major European Banking institution in the City. Due to an increase in business they are looking to recruit an additional marketing officer to concentrate on developing business with U.K. corporates and U.K. subsidiaries of overseas multinational companies. The role will involve marketing a full range of banking products and previous experience of a similar nature is required. Excellent career prospects.

Marketing Officer — Trade Finance c£25,000

A leading European Bank wishes to recruit a marketing officer to specialise in the development of trade finance business with U.K. corporate clients. Candidates must have in depth knowledge of trade finance products and have previously performed a similar marketing role within a banking environment. This is a challenging role for a highly motivated individual.

Manager, Investment Administration + £20k

Ideally aged late twenties-thirties, you will be responsible for staff dealing with the administration and settlement of client funds, as well as being personally involved with client meetings and liaison with fund managers. This is a demanding role within a top U.K. Merchant bank which requires sound management skills and some knowledge of U.K. and overseas equities work.

Private Clients Assistant c£19,000

A top stockbroking institution seeks an experienced private clients assistant to be involved with the provision of investment advice to a prestigious base of high net worth individuals. Applicants must be registered representatives of the stock exchange and have had at least one year's relevant experience.

Junior Eurobond Sales £18,000

The investment banking subsidiary of a major International Bank is looking to supplement its Eurobond sales team with a graduate who has already had at least one year's experience in this capacity. You will be marketing to International institutional clients and this is an excellent opportunity to develop your knowledge in this field within a good team.

Senior Credit Analyst To £18,000

The corporate finance department of this major European Bank wishes to recruit an additional credit analyst to work at a senior level. The successful candidate will have had substantial analysis experience within a bank and will be involved in all stages of deals, including the submission of proposals to credit committee. Good prospects to move into a marketing role.

Supervisor £16,000

This is an opportunity with a major U.S. bank for a section head to be responsible for the processing and administration of foreign exchange and money markets instruments. Sound back up experience and good man-management skills are essential in order to run this hectic area of business.

01-588 4305/6 *Moorgate Hall, 153/157 Moorgate,* LONDON *EC2M 6XB.*

Expand Corporate Loan Marketing Department

Progressive International Bank

This influential bank has been active in the London market since 1975. Through its worldwide network, the bank plays a prominent role in international financial markets. Due to increasing activity in its loans portfolio, the need has arisen to appoint a Loans Manager to develop existing and future client relationships.

Co-heading the department, you will be responsible for identifying marketing opportunities, establishing requirements and designing proposals for client's corporate finance needs. Although most of your duties will be client-oriented your contribution to policy planning and decisions will be highly valued. In addition you will be involved in managing junior staff and hiring and training new recruits.

Aged between 30 and 45, you have already proved to be a forceful UK corporate loans marketeer and are experienced in risk analysis. Your communication skills are excellent, you have a flair for man-management and you are an enthusiastic team player.

This position carries an attractive salary and opportunities for further progression in a developing environment. Please write in confidence, or telephone, Frances McNulty of Cripps, Sears & Associates Limited, Personnel Management Consultants, International Buildings, 71 Kingsway, London WC2B 6ST. Tel: 01-404 5701.

Cripps, Sears

Mining Analyst

Negotiable salary *Central London*

A leading firm of UK Stockbrokers with international operations now seeks a mining analyst for its London office.

The job will entail the research and compilation of reports and investment recommendations on the leading Australian and Canadian mining companies' shares and their presentation to clients (mainly London Investment Institutions).

Your main experience should lie in the area of Australian Mining Stocks. The combinations of a degree in Mining Engineering and practical experience both in the Australian mining industry and in stockbroking is an invaluable qualification for the job offered.

The salary package is negotiable (including profit-sharing).

Please send a full cv to Victoria Fielding at PER, Rex House, 4-12 Regent Street, London SW1Y 4PP.

PER

Britain's Largest Executive Recruitment Consultancy

DAI-ICHI EUROPE LIMITED

Applications are invited for the following position:

BOND SALES

The holder of this position will specialise in dealing in Japanese government bonds. They will also assist in the company's primary market activities and will be required to develop the company's Japanese and general customer base.

Previous dealing experience in Japan with Japanese government bonds is essential. Some training will be given, but fluency in Japanese and a good understanding of Japanese protocol are essential.

Applicants must be able to commence duties shortly. Salary negotiable up to £20,000. Attractive fringe benefits will be available.

Please apply in writing, with a detailed curriculum vitae, to:

Miss C. Unwin
DAI-ICHI EUROPE LIMITED
8/13 Chiswell Street, London EC1Y 4TQ

Gerrard & National Ltd.

MONEY-MARKET SALES

Gerrard and National Limited is seeking an experienced dealer to join the sales desk.

Responsibilities will include the maintenance and development of customer relationships in day-to-day money market asset trading, and close liaison with the gilt-edged, international bond and foreign exchange departments with a view to expanding both customers and products.

Salary negotiable. Applicants should write enclosing full C.V. to:

Adrian Taylor, Corporate Director
Gerrard and National Limited
33 Lombard Street, London EC3V 9BQ

Appointments Wanted

TOP FLIGHT FINANCIAL JOURNALIST

wants part-time job

Has been working flat out on editorial/marketing for small, very fast growing publishing company, but wants more free time to start own publication. Very strong on company analysis, institutional strategy, financial products. Good track record for turning round dreary publications. Not cheap.

Enquiries please to:
Box A0482, Financial Times
10 Cannon St, London EC4P 4BY

BARRISTER

25-year-old practising criminal barrister leaving the profession Wants commercial/business experience

For cv and further details apply:
Box A0488, Financial Times
10 Cannon St, London EC4P 4BY

Appointments Wanted

Highly Experienced Capital Markets Swaps Broking Team

currently based in the FAR EAST is looking for new opportunity

Write Box A0486 Financial Times 10 Cannon Street London EC4P 4BY

IMPORT-EXPORT TRADE EXPERT

Creative deal maker specialising in back-to-back L/Cs and Without Recourse financing skills with proven international trade/banking experience seeks opportunity to join forces with group seeking expansion in this activity

Write Box A0485, Financial Times 10 Cannon St, London EC4P 4BY

BACK TO BACK L/C SAGACITY

Trade finance and back-to-back L/C Best in Business Specialist with proven experience in international banking/trade finance skilful in creative dealmaking in counter-trade/marketing seeks joint venture partner or employer with similar interests

Write Box A0484, Financial Times 10 Cannon St, London EC4P 4BY

PARTNERSHIP APPOINTMENT

CONTENTIOUS PROPERTY LAWYER

The Commercial Property Department of Lawrence Graham has already established a reputation for reliable and creative advice.

This has contributed to the continuing expansion of the department and a growing client list including leading Institutions, Pension Funds and Property Developers as well as Overseas Corporations.

We now wish to strengthen the Contentious Property side of our business by the appointment of an outstandingly able Solicitor at Partnership Level. The ideal applicant is likely to be in the 35-45 year age range and may well have a client following – although this is not essential.

He or she will be responsible for further developing a specialist team to deal with all aspects of Property Litigation, Planning matters and Arbitrations for major clients.

This is a rare opportunity to join an ambitious fast-growing practice based in a completely re-furbished Headquarters building in the Strand. As would be expected, the remuneration package will reflect the importance of this appointment.

Please reply in complete confidence to Paul Kinsella marking your envelope Private & Confidential.

LAWRENCE LG GRAHAM

LAWRENCE GRAHAM 190 STRAND LONDON WC2R 1JN 01-379 0000

HEAD OF SALES

Japanese Equities

Our client is the equities division of a leading international securities house which is committed to a global presence in the equities markets. With offices strategically placed to serve institutional clients in the Asia and Pacific regions and an established office in Tokyo, from which research material is drawn, the appointment of a Head of Sales is now planned in order to develop further Japanese Equities business from London.

This role represents a challenging opportunity to build and lead a sales team covering institutional demands within Europe, as well as helping to coordinate sales activities in the Far Eastern offices. The incumbent will enjoy the appropriate support to achieve this at all levels and will travel overseas as necessary.

The remuneration package will reflect the seniority and importance of this appointment and will not be a limiting factor.

Applications, either in writing or by telephone, should be made in complete confidence to **Robert Usher** who is advising in this matter, to:

Jonathan Wren International Ltd., 170 Bishopsgate, LONDON EC2M 4LX, tel: 01 623 1266, fax: 01 626 5258.

Jonathan Wren International Ltd
Banking Consultants

SENIOR LEGAL COUNSEL

International Brief

A major industrial company wishes to appoint a commercial lawyer as its European Counsel. The right person will be a self-motivated problem solver providing solutions to issues as an integrated member of a number of business teams. He/she will have a knowledge of the law pertaining to a number of EEC countries as well as the United States and Britain. Skills in contract drafting and negotiation will be required and a knowledge of French or German would be an added advantage. For a person of sufficient seniority, salary will be excellent including a company car, relocation expenses and other benefits. The post may be located in the UK or in Brussels and considerable international travel is likely.

If you have eight or more years' post-qualified experience of commercial law in a high exposure environment and are ambitious for more responsibility, please contact Anita Doswell, Reuter Simkin, 1 Gracechurch Street, London EC3V ODD or telephone 01-626-2041 quoting reference C236.

REUTER SIMKIN
LONDON • LEEDS • WINCHESTER • BIRMINGHAM
RECRUITMENT AND MANAGEMENT CONSULTANTS

Institutional Oil Equity Service

Vice President–Sales and Marketing

John S. Herold is world renowned for their oil and gas appraisal publications. In July 1986 Herold announced a new service for institutional investors to make stock recommendations. McKinley Allsopp Ltd, an investment banking and NASD brokerage subsidiary of the MerchantsBank of Boston group, has recently teamed up with Herold to market the new equity product on an exclusive basis in Europe.

We wish to appoint a dynamic individual, preferably under 35, with a knowledge of UK and perhaps continental European institutions to whom this service can be sold in return for commission business. The appointment will be City based.

Candidates will have genuine expertise in international oil equities and at least a working knowledge of US and Canadian equities, which are featured in the service. Additionally, you must feel confident in your ability to convert the "oil research" of the product into effective and productive relationships with clients. McKinley Allsopp Ltd has a good UK institutional clientele, but is looking to expand its base in the UK and on the Continent. Salary, performance incentives and benefits are all negotiable.

Interested candidates should first write succinctly, explaining why they are suitable for the position and enclosing curriculum vitae, to David S. Allsopp, Chairman, McKinley Allsopp Ltd., 64 Queen Street, London EC4R 1AR.

HEROLD INSTITUTIONAL RESEARCH
in association with
McKINLEY ALLSOPP LTD.

McKinley Allsopp Ltd.

PRIVATE CLIENTS

The independent stockbroking subsidiary of an International Banking Group is looking to expand within the financial services area. They are currently recruiting high calibre applicants to the following positions:

EUROBOND PORTFOLIO MANAGER

To £30,000 + package

The main focus of responsibility will centre around the provision of advice to clients on all aspects of Eurobonds and the management of Eurobond portfolios and all dealings therein.

Experience in the Eurobond market and in portfolio management is essential, together with the relevant Stock Exchange qualifications. Age mid-late 20s.

ECONOMICS/CURRENCY ADVISER

To £20,000 + package

Candidates must be an economics graduate and familiar with the international currency markets in order to provide written advice to both clients and internal divisions.

There will be early responsibility for the executive who is able to advise on currency investments with increasing involvement in the management of currency portfolios. Age early-mid 20s.

For further information please call Sara Bonsey.

18, Eldon Street, Moorgate, London EC2M 7LA. Tel: 01-588 4224

CAPITAL FUTURES
RECRUITMENT CONSULTANTS

Investor Relations

(Salaries negotiable)

A leading, independent, City-based financial and corporate communications consultancy with an expanding, international business, is looking for ambitious consultants to join its well established investor relations department.

The consultancy has a broad range of quoted clients and a successful record in handling takeover bids and major flotations.

Senior consultant

This individual will immediately be required to manage a broadly-based portfolio of clients. In addition there should be evidence of a strong entrepreneurial instinct to help develop the business base of the consultancy. Direct experience of investor relations, takeovers and flotations is essential.

It is likely that the person will be an account director within a consultancy or a senior member of a broking or merchant banking corporate finance department.

A previous track-record of managing people will be of interest but, essentially, there must be clear ambition to succeed in a demanding, intellectual and creative environment.

Executives

There are two executive opportunities. The ideal candidates will be bright, numerate and enthusiastic.

They will have a sound understanding of the financial community and a belief in the value of effective communications.

Approaches from young brokers, bankers and analysts would be appropriate as this role offers rapid career progression in an expanding industry.

Apply to Airdre Taylor or Annita Bennett, Taylor: Bennett, Halton House, 20-23 Holborn, London, EC1N 2JD. Tel: 242 0253.

T A Y L O R : B E N N E T T

SENIOR EQUITY DEALER

c £65,000 package

Our client is the Fund Management arm of a major international investment Bank. Having substantial and diverse funds invested internationally, they seek a Senior Dealer to head up a highly successful dealing team.

Interested individuals should be aged between 30 and 45 with several years equity dealing experience within stockbroking or fund management — probably in the UK, but possibly in the European or US markets.

For an initial talk about the standing, scope and prospects within this major name, please contact Sarah Davies, who will treat all enquiries in confidence. 20 Cousin Lane, London, EC4R 3TE or telephone 236 7307.

KENNEDY STEPHENS
SEARCH & SELECTION SPECIALISTS IN THE FINANCIAL MARKETS

BOND SALES

Japanese Speaking

Our client, a major European based stockbroker seeks an experienced salesman with excellent Japanese language skills to build up and service a client list amongst the Japanese investing institutions in London.

Excellent salary, bonus and other benefits are available for the person with sufficient experience and skills.

Please write in confidence enclosing your cv and quoting reference 4484 to A. Whitbread, Moxon Dolphin & Kerby Ltd, 178-202 Great Portland Street, London W1N 6JJ.

SENIOR FUND MANAGER

INTERNATIONAL EQUITIES

An experienced and ambitious person is required to take charge of the International Equity Fund Management operation of Julius Baer Investment Management Inc, a rapidly expanding force in the US Pension Fund market, and part of the Julius Baer Group which has several billion US$ under discretionary management worldwide.

The individual will be based in London but will be expected to travel when necessary for the purpose of client acquisition and to liaise with JBIM's marketing organisation in New York and the Group Head Office in Zurich.

Salary and conditions will be in line with the importance of the post. Enquiries should be addressed to Simon Hard, Bank Julius Baer & Co Ltd, Bevis Marks House, Bevis Marks, London EC3A 7NE.

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ZURICH · LONDON · NEW YORK

PERFORMANCE ANALYST

First Investment Career Move

£ negotiable

Financial Sector Human Resources

This position, with a client of international standing, offers an excellent opportunity for an individual with two or more years basic grounding in financial markets. Candidates may be experienced analysts or numerate graduates/MBA's with investment knowledge. Membership of the Society of Investment Analysts would be advantageous.

If you have a qualification that has provided you with a sound knowledge of investment analysis techniques and have the added ability of presenting results in a clear narrative form, then this position will offer you scope to apply and develop these skills to the full.

The successful applicant can look forward to making a real contribution to strategy decisions through analysing and commenting on the performance of managed investment funds. There is scope for development into a fund management or a senior analytical position in two to three years time.

If you meet the above specification and wish to arrange an informal meeting, in strictest confidence, to discuss this position then please send a brief C.V. to Derek Burn.

(Tel: 01-405 9000/1) (Ref: 4/637).

MCP MANAGEMENT CONSULTANTS

Lawrence House 51 Gray's Inn Road London WC1X 8PP

PRIVATE CLIENT STOCKBROKER

Tired of the City slog?

Manage your Clients' portfolios with the same technical back-up (TOPIC, mainframe link) but in a pleasantly aggressive country atmosphere. The prospects are enormous FOR THE RIGHT PERSON – there's only one position available in this Surrey/Hants location.

To commute or to live?

Write with full C.V., current commission earnings, etc., to Box A0483, Financial Times, 10 Cannon Street, London, EC4P 4BY

Institutional Equity Sales Professionals

County Securities is firmly established in the forefront of international equities trading. We have the backing of National Westminster Bank plus research, advisory and trading facilities of the highest quality. To expand the business with UK and overseas institutions, we're now seeking experienced Equity Sales people for senior positions.

Aged late 20's or early 30's, with an institutional stockbroking background and at least three years of proven equity sales experience, you'll be joining an outstanding team.

A top salary, plus excellent banking benefits, will be offered.

Please phone Mike Anderson on 01-382 1502 (weekdays), 01-878 0634 (evenings 7.30 p.m. onwards) or 03005 375 (weekends).

Alternatively write, enclosing your cv to:
Kathryn M. Riley, NatWest Investment Bank, Drapers Gardens, 12 Throgmorton Avenue, London EC2P 2ES.

COUNTY SECURITIES
The NatWest Investment Bank Group

PRIVATE CLIENT EXECUTIVE

The opportunity to advise prestigious international clients in a fund management Company with an exceptional performance record.

This is a position which will appeal to a Private Client Executive at the peak of his/her profession. It offers the opportunity to advise major high worth investors and thereby make a significant contribution to the company's continued dynamic development.

The company specialises in Discretionary Private Client fund management and its growth rate since its inception a few years ago has been dramatic. This can be attributed to its high quality management team, its global investment capability and its outstanding performance record. Its structure is unbureaucratic, its range of funds extensive and its terms of business attractive.

This position has arisen as a direct result of the escalation in demand for the Company's services. The person appointed will report to the Chief Executive and will support him in the international client advisory function. The work will principally involve advising clients on the structuring of their portfolios, participation in asset allocation strategy, the implementation and administration of investment decisions and communication with clients on the performance of their investments.

The successful candidate must have a good knowledge of the international economic scene and experience in dealing with investment clients. This is likely to have been gained either in a Stockbroking or Investment Management firm. Candidates are likely to be Business/Economics graduates in the age range 35-50 and must possess sophisticated interpersonal and communications skills. Fluency in foreign languages would be an advantage, but is not essential.

The compensation package offered is designed to attract candidates of the highest calibre. If you would like to be considered, please write in complete confidence, to **John Sears and Associates, Executive Recruitment Consultants, Cavendish Court, 11/15 Wigmore Street, London W1H 9LB or telephone 01-629 3532.**

John Sears and Associates
A MEMBER OF THE SMCL GROUP

Broker Services Limited

London and Glasgow

Since its formation in May 1986 and admission to the Stock Exchange in June 1986, the growth in demand for the services provided by the Company has been higher than was originally anticipated. Accordingly, it has been decided to bring forward Phases III and IV of the Corporate Plan in order to maintain the unrivalled excellence of the service it provides. As a result, a limited number of vacancies have arisen for ambitious and competent personnel to join the existing management team where the emphasis is on ability rather than qualifications, a willingness to work long and hard, and an understanding of the principles of accountability to clients and the Company. Applications are invited for the following posts:

Implementation Executive
(London) Ref MCS/21

Accountable to the General Manager-Customer Support for the effective implementation of Broker Services products and facilities to new clients, and the introduction of new products to existing clients.

Desirable experience includes technical familiarity with computer based applications and/or expertise encompassing broker settlements and back office procedures. A mature and well balanced proactive approach to business problems, an ability to develop professional relationships with clients, and a capability of managing and motivating subordinates are also required.

Formal qualifications are of less importance than a proven track record of success but it is unlikely that anyone under 30 will have achieved the required depth and level of experience.

CAD Manager
(London) Ref MCS/22

Accountable to the London Settlement Manager for the initiation and maintenance of controls and procedures which guarantee an efficient settlement service to clients. Mandatory requirements are five years experience in a stockbroking firm with a good record in institutional settlements and new issues, together with a thorough understanding of the workings of the Stock Exchange, its rules and regulations. Applicants should be at least 25, ambitious and possess an ability to learn quickly.

Accounts Executive
(London and Glasgow) Ref MCS/23

Accountable to the General Manager — Customer Support for the provision and maintenance of an effective inter-face with nominated clients, ensuring the provision of an optimum service, prompt resolution of client queries and maximum client satisfaction.

The role requires previous experience of this type of work or a thorough knowledge of the operation of a back office dealing with every facet of the securities business, based on sound accounting principles, coupled with all round commercial expertise and an ability to communicate at all levels. Ability and proven track record are of more importance than qualifications, and the preferred age range is 25-35.

Product Analyst
(London) Ref MCS/24

Accountable to the Chief Product Development Officer for the evaluation of all product developments, the role will make a substantial contribution to the achievements of the Company's Business Plan with the preparation of clear and concise reports on all development options.

The role requires a keen analytical mind and an ability to evaluate alternative options to arrive at an optimum business solution and should be supported by technical familiarity with a wide range of computer based applications, sound written and oral communication skills, and a working knowledge of financial analysis. A minimum age of 25 is envisaged.

Sales Assistant
(London) Ref MCS/25

Accountable to the Sales Executive for promoting and marketing the Company's services and products to new name accounts. The role requires experience in bespoke computer applications and familiarity with brokers information technology products combined with a working knowledge of Stock Exchange procedures. It would prove attractive either to a computer specialist currently in a broker house who wishes to make a start in commercial management or an ambitious person in the age range 25-30 possessing a proven record in a city sales environment seeking promotion prospects.

The salary levels will reflect the importance of these new roles and will attract applicants who are seeking a challenge along with long term career and salary prospects.

Applicants should send a full CV, with salary history and quoting the relevant reference number to David Gibb, Executive Selection Division, Price Waterhouse, Management Consultants, 1 Blythswood Square, Glasgow G2 4AD.

Price Waterhouse

Jonathan Wren

MARKETING DIRECTOR
LEASING

An exciting and challenging opportunity exists for a senior leasing professional to obtain a Board appointment within the Asset Finance Group of one of the UK's most prestigious banking institutions. As a member of the executive management team the appointee will be responsible for the on-going development and co-ordination of all marketing activities within this major profit centre.

Whilst possessing a relevant degree and/or professional qualification, applicants, aged c35 years, should clearly demonstrate a successful career in middle and big ticket leasing (£0.5m+) built upon sound technical ability, proven managerial experience, and excellent interpersonal skills. He/she will be required to motivate a strong marketing team whilst retaining personal involvement in high level negotiations.

This position represents a solid career opportunity and to reflect the seniority of this appointment will carry an attractive salary, performance related bonus and full banking benefits. **Contact Jill Backhouse or Peter Haynes.**

All applications will be treated in strict confidence.

LONDON BRUSSELS HONG KONG SYDNEY

Jonathan Wren
Recruitment Consultants
No.1 New Street, (off Bishopsgate), London EC2M 4TP.
Telephone: 01-623 1266. Fax: 01-626 5258.

FIXED INTEREST INVESTMENT MANAGER
USE YOUR EXPERIENCE TO ESTABLISH A NEW GILT-EDGED TRADING VENTURE

3i Portfolio Management manages quoted investments worth over £700 million on behalf of our parent company, Investors in Industry, and external clients, such as pension funds and investments trusts. The success of our money-market dealing and equity trading activities has made it clear that there is considerable scope for us to move into the fixed-interest securities market.

As a dynamic person, with over 5 years' relevant experience, you should relish the challenge of establishing our presence in this field. We already have a sophisticated treasury operation and have been an active fund-raiser in the bond markets. It will be up to you to pull together the existing expertise in these areas and apply them in formulating a policy to trade in the gilt-edged market. You will also be given responsibility for fixed interest investments in pension funds.

As a senior person within our company your expertise will be highly valued and the *rewards we offer will be set at a* level to attract a person of the right calibre.

For a confidential discussion, please write with career details to our Personnel Manager, Kathleen Rawle, Investors in Industry plc, 91 Waterloo Road, London, SE1 8XP or call her on 01-928 7822.

THE CREATIVE USE OF MONEY.

FINANCIAL COPY/REWRITE EDITOR
London

Prestigious investment banking house seeks experienced copy and rewrite editor to edit brokerage house reports. Financial background, strong logic, keen eye for detail, proof-reading skills, and ability to work quickly and efficiently under pressure required. Some knowledge of graphics, layout, and word processing helpful.

Send resumé in confidence to:
T. G. West, Managing Director, (Ref: 5769), Associates in Advertising, Columbia House, 69 Aldwych, London WC2B 4DX.

Please state any company to which your application should not be sent.

associates IN ADVERTISING

BANKING OPPORTUNITIES

CAPITAL MARKETS £25,000+Car+Bonus
Prestigious US bank seeks a young technician to specialise in the pursuit of Eurobond mandates. A challenging position, this role offers a numerate graduate the opportunity to develop skills in the structuring of complex deals. Ref SN0406

ANALYST c£20,000
High profile role within a major Japanese House. Responsibilities involve the setting of lending limits and the preparation of risk assessments for the UK Corporate Market. With strong credit and industry analysis skills you will enjoy excellent career development prospects. Ref RL0408

BUSINESS DEVELOPMENT c£25,000+Car
Expanding European bank seeks a self-motivated individual to increase UK middle market business: you will have excellent back-up, but should combine genuine marketing flair with good credit skills. An exciting opportunity to join a very professional team. Ref SN0407

MARKETING SUPPORT c£16,000
Wide ranging role within a European House expanding its UK corporate business base. As part of a team targeting small/medium sized UK companies you will be involved with Credit Analysis and assisting the Marketing Officer in the development of new business. Ref SM0409

Telephone: 01-256 5041 (out of hours: (0483) 37480)

Management Personnel
Recruitment Selection & Search
10 Finsbury Square, LONDON EC2A 1AD.

EURO BROKERS

Domestic Money Markets

Euro Brokers Holdings Inc, the International Financial Services Group with offices in New York, London, Los Angeles and Toronto, plans to enter the Sterling Markets in London.

We should like to hear from senior and experienced brokers from all aspects of the Sterling Market who would welcome an opportunity to join a rapidly expanding professional team in an Independent Money Broking Group.

A highly competitive remuneration package will be offered to successful candidates together with excellent career opportunities. There is also the possibility of equity participation.

Interested applicants should apply in confidence to:

Adrian Scott-Jones
c/o Euro Brokers Limited
Adelaide House
London Bridge, London EC4R 9EQ
or telephone:
Christine Holland on 01-626 2691/2/3

FULTON PREBON SECURITIES

GILT DEALER

If you have a good knowledge of the practices and structure of the gilt market with at least two years experience as a dealer then we want to talk to you about an exciting opportunity to be in at the start of a new gilt agency broking operation which has an established commercial client base.

GILT SETTLEMENTS

Are you currently a senior member of a settlements team, but not the boss? We can offer you an opportunity to set up a new gilt settlements section and to manage its growth as our business grows.

The salary package will be commensurate with age and experience for both of these appointments.

Replies including a CV, and indication of current remuneration should be addressed to:

Brian Burnett,
Fulton Prebon Securities Limited,
34-40 Ludgate Hill, London EC4M 7JT

Career Opportunities

As a result of continued growth and expansion, our client, a AAA rated bank, is seeking high calibre individuals to complement specialist teams in the following areas:

Credit Analysis

Position: Credit Analyst.
Role: Working within a small team involved in the reporting and analysis of U.K. corporate businesses and strategic planning.
Experience: A minimum of 4-5 years' credit analysis within a high quality banking environment. Formal credit training preferred.

Aircraft Finance

Position: Aircraft Finance Officer
Role: Marketing the whole range of the bank's products to European Airlines and expanding the bank's activities in this area. Some involvement in syndicated transactions.
Experience: A minimum of 3 years' experience of aircraft financing. Good credit skills essential.

Project Finance

Position: Project Finance Officer
Role: Marketing the bank's products within the international project finance market and further expanding the banks presence in the field.
Experience: A minimum of 3 years' experience of working on large projects, preferably related to the oil industry.

Scandinavian Marketing

Position: Scandinavian Marketing Officer
Role: Marketing a range of the bank's products including eurobonds, swaps and commercial paper to Scandinavian corporate and sovereign clients.
Experience: 5 years' experience in Scandinavian Marketing. Fluency in a Nordic language is essential.

Candidates should preferably be graduates in their late 20's/early 30's and will be rewarded with an attractive salary and the usual banking benefits.
Interested candidates should send a copy of their curriculum vitae to **Julia Cartwright** at Michael Page City, 39-41 Parker Street, London WC2B 5LH, or telephone her on 01-404 5751.

MP
Michael Page City
International Recruitment Consultants-London Brussels NewYork Paris Sydney
A member of Addison Consultancy Group PLC

Japanese speakers – investment banking

SWISS BANK CORPORATION INTERNATIONAL (SBCI) is one of the world's leading investment banks and a major presence in the global capital markets, with operations in Tokyo, New York and other financial centres. The bank enjoys a leading reputation as an international underwriter, and within the last six months has established a commanding presence in the Far Eastern equities market. Our strength in European equities will be substantially reinforced by our forthcoming acquisition of Savory Milln.

SBCI London is seeking a number of graduates or M.B.A.s to train in capital markets sales with a view to transferring to Tokyo in due course, and longer term establishing a career within the group.

The essential qualities that we seek are :-

- ☐ fluency in Japanese and English.
- ☐ a high degree of numeracy.
- ☐ first rate communication skills.
- ☐ the ability to thrive in a high pressure environment.

In return for energy, flair and consistently high performance we offer flexible and responsive management and significant and increasing responsibility. Remuneration is negotiable and will include the potential to earn a substantial bonus.

Those who wish to apply should write, enclosing a curriculum vitae, to:
Alexander Campbell, Personnel Manager,
Swiss Bank Corporation International Limited,
Three Keys House, 130 Wood Street,
London EC2V 6AQ.

Swiss Bank Corporation International Limited

YOUNG SPOT DEALER
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THE ARTS

Television/Christopher Dunkley

The Isaacs formula at work at Channel Four

When Jeremy Isaacs laid out the plans for his version of Britain's fourth television channel many years ago, one of his unusual decisions was that nobody should be allowed to remain on the staff for more than 10 years. In his own words "People were not going to be wielding those vast amounts of public patronage for life." Isaacs was recruited as chief executive of Channel 4 in 1980 and, by his own ruling, would be due to leave by the end of 1989. Sure enough he has arranged to go before then to become director of the Royal Opera House, Covent Garden.

His successor is not yet known, though I expect a major effort to appoint a woman to the job. Paul Bonner, C4's first Controller of Programmes, has already left to join the Independent Television Companies Association, and in July the chairman, Edmund Dell, will leave and be succeeded by Richard Attenborough. Sir Richard, who is already chairman of Capital Radio, and of RADA, and of the British Film Institute, has been deputy chairman of Channel 4 since 1980. It will be interesting to see whether the Isaacs rule applies equally to him.

Ever the bullish commentator on British entertainment media (understandably enough, perhaps, for the man who produced *Gandhi* which won eight Oscars), Sir Richard has gone on record saying that there is not a television channel in the world to rival C4, except perhaps Channel 13 in the US. Come November, C4 will have been on the air five years and, with the first major changes in its staff beginning to occur, it seems a good time to ask whether Sir Richard's view, which is fairly widely shared within the British television industry, is a reasonable one.

My own feeling is that Channel 4's record is very mixed. Remembering the Government's original injunctions to be different from the existing channels and to pay special attention to minorities, there have clearly been successes. In the broadest terms C4 has certainly been different; anybody watching two or three hours of the channel will surely detect that difference in a number of factors ranging from the scheduling to the flippant and patronising attitude of the continuity announcers.

From the beginning Isaacs turned the usual rules of scheduling upside down and instead of trying to hang on to viewers went for what he called a "dip in, dip out" policy. Tomorrow night at 8.00 on ITV the serious current affairs programme *This Week* will be "hammocked" between *Carry On Laughing* and the popular sitcom *Fresh Fields*. As a result *This Week* will pick up a rating in the millions. But at 8.00 on C4 the popular game show *Treasure Hunt*—presented by that jolly strapping gel Anneka Rice—will be sandwiched between the serious *Channel 4 News* plus *Comment* on one side and Nicholas Roeg's art house movie *Insignificance* on the other.

Scene from Nicholas Roeg's film 'Insignificance" on Channel Four tomorrow

However, since the channel was deliberately designed *not* to be watched continuously, these factors are perhaps less significant than the individual programmes. Among the minorities addressed have been trade unionists, West Indians, Asians, homosexuals, the elderly, business people, and feminists. Not all of this was new: the BBC has run *The Money Programme* for many years, the BBC started programmes for immigrant communities before C4, and there have been many series for the elderly. Furthermore *Union World* is being suspended and the "black" programmes have had the same destructive separatist tendencies as the proposed "black sections" in the Labour party, though the recent series have been better than the originals. The fact remains that minorities have been served.

It has often been said that C4 also caters for teenagers better than any other channel, and consequently attracts a higher proportion of them. The figures suggest that the difference between C4 and the other channels is minute, yet it is true that with series such as *The Tube, The Last Resort, Saturday Live* (greatly improved) and *The Max Headroom Show* (an awful disappointment) C4 has made more effort than anybody else, even if *The Tube* is now coming to an end.

The other idea which is almost invariably nominated as a great triumph — Sir Richard certainly seems to see it in that way — is "Film On Four." Undeniably it has been associated with some very well known titles, including *Company of Wolves, My Beautiful Laundrette, Room With A View* and now *Personal Services*, inspired by the Cynthia Payne story and the funniest English film since the Ealing comedies.

Yet however good some of the individual works, and not all have achieved the standard of these titles, they amount to very little as television occasions. Indeed, the better they are, the more fuss will have been made of them before they reach the small screen, and the less television impact they have. Ironically BBC2's "Screen Two" tends to be more exciting than "Film On Four" precisely because the BBC's union agreement prevents their films being shown in cinemas.

For me C4's most significant achievements have been *Channel 4 News* which has brought the seriousness and depth of *Newsnight* to the early evening; the policy on archive television which has provided such old but valued series as *Armchair Theatre, The Twilight Zone* and *The Power Game;* and above all the current affairs programmes such as *Comment* and *Diverse Reports* which have proved once and for all that television can, of course, complement its traditional "balanced" journalism with the committed and more passionate sort.

In terms of audience share Jeremy Isaacs' ambition was to achieve 10 per cent. There have been weeks when that target was reached: five in the history of the channel, and three of those depended upon the cross-scheduling of snooker championships with ITV. The average weekly share in 1986 was 7.7 per cent and during the first quarter of this year 8.2 per cent.

But that figure was not achieved by the minority programmes, the archive series, or the committed current affairs. It was achieved by the soap opera *Brookside*, game shows such as *Treasure Hunt* and *Countdown* (which is screened five times a week and packs the Channel 4 "Top 10") and by an extraordinarily high proportion of American programmes. According to the survey "Television Programming in Europe," published by Horizons Media International, the average American content across all European channels is 14 per cent. On BBC2 it is 5 per cent, on ITV 9 per cent, on BBC1 12 per cent and on Channel 4 a staggering 32 per cent.

What Isaacs has done is to mix some of the most advanced and demanding television programmes which attract only tiny audiences with other series that are known ratings winners (soap opera and game shows) filling in the spaces with some of the most cheap and tacky series imaginable: *Bewitched, Mother And Son, Ask Dr Ruth.*

The point to be made is not that this is a bad thing, only that those who claim that C4 has proved you can win a 10 per cent audience share with serious programmes are wrong; it has done no such thing. For television in the nineties, however, when the influence of the new technologies begins to be felt, this Isaacs formula may prove to be a crucial method of sustaining serious and demanding programmes.

The most admirable aspect of Channel 4's brief history has been the example offered by Isaacs himself. With Mrs Thatcher, the great believer in consumer choice and individual responsibility, now supporting the campaign to smother broadcasting under a blanket of Victorian values, and with the broadcasters themselves opting increasingly often for self-censorship, Isaacs has reminded one more and more of the Low cartoon of June 1940 showing a British Tommy on a rock amid a sea of threats, raising a defiant fist and crying "Very well, alone!"

It must have been a dreadful disappointment to Isaacs not to be made Director-General of the BBC, an appointment he deserved. But for television to be losing him—now, of all time—to the opera house is a tragedy.

*

Christopher Dunkley was named Critic of the Year for the second time in the 1986 British Press Awards last week. He won the same honour in 1976.

The Resistible Rise of Arturo Ui

Michael Coveney

Brecht's gangster play must sink or swim not just on its leading performance but also on its own innate vitality. The parallels between the Al Capone-style mobster Ui and his takeover of the Cicero cauliflower franchise with the rise of Hitler to the Chancellorship and the annexation of Austria are obvious. The point of the satire, if there is any point at all today, is that fascism is a dangerously renewable commodity.

Griff Rhys Jones has a good stab at relating Ui to the manic post-*Monty Python* brand of double-glazed double-takes and windmill spells of careless rupture. If he is not exactly the murderous spellbinder of the Third Reich, he is certainly the unhinged first cousin of Basil Fawlty or—so much of modern British comedy stems from John Cleese—the aggressive pet-shop owner who was an expert on the deadness of ex-parrots. Having made that leap, David Gilmore's ponderous and old-fashioned production at the Queen's Theatre breaks up the action with history book chronology not used by Brecht.

So the early rise through the Chicago underworld is ponderously related on flown-in placards to the battle of Hitler in gaining Hindenburg's support for the Chancellorship; the arson at the Warehouse is immediately referred to the burning of the Reichstag; and the murder of Dollfuss is flashed up as an epilogue to the final cornering of the cauliflower market. The energy and entertainment value of the play on its own terms is completely mistrusted in this production, with the fatal result of a deadening approximation of Capone's Chicago becoming instrumental to a history lesson.

The central performance nearly dares to kick against the reading by inserting unexpected expletives into George Tabori's translation and envisaging a hostile world "replete with Jews and bicyclists." Mr Rhys Jones has a pudding-basin haircut (as provided by the well-known Austrian barber Herr Kutt), a scrawny little moustache that is insistently evocative of sordid British murderers like Crippen or Christie, and a Little Man, Chaplinesque aura of flimsy truculence that propels him spinning through his own Walter Mitty fantasy.

He sneaks into the limelight after a rousing prologue from a baton-wielding cop, a leering insect in a brown trenchcoat pirouetting on his bottom on a packing case. (The warehouse setting of Roger Glossop is a steel-girdered market arena of the sort you find occasionally restored throughout central Europe.) He slithers off and attacks a brilliantined hedge of black hair with his left hand, still encased in its glove. This little tic recurs until he is taught what to do with his hands.

That lesson, from the old actor, is the scene you always remember in the great productions, from the legendary marionettish explosion of Ekkehard Schall to the brilliantly funny limbs-running-out-of-control display by Leonard Rossiter at the Saville in 1969 and, in a hoodlum-infested dead-of-night charades at the Half Moon more recently, Simon Callow savouring the sweet smell of riot-inducing rhetoric for the first time.

At the Queens, we have a mildly diverting encounter between two ages of revue rather than the basic education of a fanatic. The old actor is played by Hugh Paddick as a red-nosed tipsily sedate thespian in a Cecil Beaton fedora and mildewed suit, blithely dispensing declamatory hints redolent of Robert Atkins while furtively sipping from a hip flask.

Tabori's translation, by no means new but no way inferior to Ralph Mannheim's "approved" version, gives full rhythmic swing to the verse parodies of Shakespeare, Schiller and Goethe, Mr Rhys Jones adding in his own little grace notes such as "Is this a luger that I see before me?"

Such tremendous scenes as the Valentine's Massacre replica and the *Richard III* style seduction by Ui of a rival's widow (Fiona Mollison) are undercut by drab staging. And among the Chicago accessories, who include Brian Glover as Roma (Rohm), Ken Bones as the limping, carnation-sniffing Givola (Goebbels) and Linal Haft as Giri (Goering), only the latter makes a rounded impression.

Nazism became something much worse than a protection racket, but Brecht's parable remains a vital, theatrical study in petty ambition and thuggery leading to mass takeover of land business and local identity. These are themes as pertinent in the world of today as they were in the Europe and America for which Brecht envisaged his play before the invention of a Final Solution.

Alastair Muir

Fiona Mollison and Griff Rhys Jones

A Great night out for the Toronto S O

Mstislav Rostropovich, probably the world's greatest cellist, took off his jacket and put it over the head of Seiji Ozawa, music director of the Boston Symphony. It marked the end of the Great Gathering, a concert in the Roy Thomson Hall in Toronto which raised 2.35m Canadian dollars (around £1.2m) in four hours for the Toronto Symphony Orchestra.

It was a numbing occasion—not in its length; not in the reputations of the participants, although a bill which also included Isaac Stern, Pinchas Zukerman, Jean-Pierre Rampal, Murray Perahia, Yo Yo Ma, Maureen Forrester and more must rank as one of the most star studded of recent times; but numbing in the ambition of it all.

While British orchestras scratch and scramble to raise an extra £20,000 here from one sponsor, £15,000 there from another, the Toronto Symphony has taken a significant step towards financial security. It had a good excuse for the celebration — the retirement after 25 years of the orchestra's managing director, Walter Homburger. His prestige in the business can be measured by the prestige of the soloists who donated their services.

The tribute to Homburger was probably the best thing, in financial terms, that he has contributed to the orchestra. Unlike its rivals in the US, the Toronto Symphony has a relatively small endowment fund—under £2m (vast, of course, by British standards). Now, it has been almost doubled, and the target of over £10m does not seem unreasonable.

It will still be a fraction of the £50m which fuels the orchestra in Pittsburgh, or the £30m which underpins Boston, but it will be enough to ensure that Homburger's successor, Wray Armstrong, can pursue his plans to increase the size of the orchestra by 10 to around 110, and to form a chamber group.

If the orchestra's cash drive is ambitious by British standards, its motivation is depressingly similar. It sees no scope for more public subsidy: quite the reverse. The contribution to the finances from aid at city, regional and provincial level has fallen from more than a third to less than a quarter. With the box office contributing 50 per cent towards an annual turnover approaching £6m (larger than any of the four big London orchestras), a dangerous gap must be met by active self-help.

Companies play their part—Air Canada, Bank of Montreal, Gulf Oil and Nestlé were among the Benefactors of the Great Gathering who contributed C$25,000. Unlike British orchestras, though, the Toronto has been able to tap the goodwill of the local community. It has 42,000 subscribers to its concerts, the greatest number for any orchestra in the world, and subscriptions account for almost 90 per cent of its box office revenue. Single ticket sales are negligible. In addition, the local rich also rallied round as Benefactors of the charity concert.

Their loyalty was founded on a sound financial base. The government might be cutting back its subsidy for the major artistic companies in Canada but it is very generous—at least by British standards—in its tax concessions for individuals and business, who support the arts. Someone buying a C$1,000 ticket for the Great Gathering could set C$870 of this sum against tax; at the C$25,000 level, the tax saving approached C$24,000. In addition, the holders of the 50-odd parties that made the concert the most socially glittering in Toronto's year could even claim their catering costs against their tax bills.

The British Government is slowly feeling its way towards tax incentives for charitable giving. It will not, in itself, solve the financial problems of the arts because the needs of a local hospital will always seem stronger to most potential supporters than those of the local orchestra. But no one need worry too much that raising the social factor in funding the arts will let in the fur-coated philistines. There were many new concert hall faces at the Great Gathering but they seemed as hooked on the stage events as on the intervals.

And what of the concert? There was an inevitable feeling of glutting yourself with chocolates before breakfast, but certain moments of great musical creativity shone through—in particular, Stern, Zukerman, Rostropovich and Rampal enjoying a rare excursion into chamber music with the Mozart D major quartet, K. 285; two Mahler songs by Maureen Forrester; Perahia playing Mozart and Louis Lortie Chopin and Liszt; and the predictable standing ovation for Midori, a Japanese prodigy now aged 16 but as fragile in her body as she is frenzied in her violin playing, who will doubtless go down well on her May debut in London.

It was a great night for the Toronto Symphony under Andrew Davis, who leaves at the end of this season after 13 years in which its musical stock has risen steadily. The hunt is on for his successor. The orchestra is rich enough to afford a big name. It wanted Simon Rattle. It will get a personality who can build on foundations that are musically sound and financially secure.

Antony Thorncroft

South Pacific/N. York City Opera

Frank Lipsius

Continuing its tradition of introducing its summer season with a Broadway musical, the New York City Opera has made *South Pacific* look like the missing link between musical and opera. The play has so many good songs, from the overture's opening with "Bali Ha'i" to "Some Enchanted Evening," that it is opera compared with the dearth of good music in most contemporary musicals. It is also profoundly dated, with old-fashioned values that put the worry over mixed marriages at the heart of the conflict between lovers.

Gerald Freedman's direction contributes to the dated operatic feel. The cast tries to deliver the perky, but hardly profound dialogue with verve but little conviction. Desmond Heeley's set looks like a giant piece of garishly designed chintz, with palm trees blowing in the wind and azure sea providing a background to the shapely but flat-footed dames and muscular but unathletic sailors.

The only cloud in this perfectly blue sky, apart of course from the nuisance of being chased by Japanese fighters, is the pair of adorable oriental children that makes poor Nellie Forbush resist the attentive, handsome local plantation owner, Emile de Becque. While Stanley Wexler sidesteps comparison with Ezio Pinza by imitating the originator of the de Becque role, Marcia Mitzman takes a bolder course in re-interpreting Nellie as a would-be feminist who attacks her sillier lyrics with the same aggression she uses on her numerous pursuers, including the plantation owner.

Among company director Beverly Sills' innovations that keep the New York City Opera firmly planted in the popular tradition is having actor Tony Roberts play the part of Luther Billis, the roguish, on-the-make sailor, blustering tunes the way he does deals as a Phil Silvers-type fast-talking entrepreneur.

The New York City Opera is no less entitled to dip into American recent past as Broadway to find its revivals. It has a distinct advantage with subsidies to re-create America's labour-intensive Broadway heyday, along with robust voices to present the music to best effect. But if the opera replaces Broadway altogether, the acting that once went with musicals will be all but forgotten.

Since, however, American musicals are unlikely to get to Broadway again (except as vehicles for ageing actors providing themselves an annuity in re-creating their original roles), one should not quibble with another chance to see how far American ideas have come since 1949, on the positive side in values, on the negative in what passes for musicals nowadays.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

April 3–April 9

Theatre

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture of feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

The Mystery of Edwin Drood (Imperial): Rupert Holme's Tony-winning resurrection of the unfinished Dickens classic is an ingenious musical with music-hall tunes where the audience picks an ending. (239 6200).

Les Misérables (Broadway): Led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama, if not strict adherence to its original source. (239 6200).

The Mikado (Virginia): The highly praised and well received Stratford Ontario production brings Gilbert & Sullivan back for an encore on Broadway. Ends April 19. (977 9370).

CHICAGO

Pump Boys and Dinettes (Apollo Center): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played on kitchen utensils has proved to be a durable Chicago hit. (935 6100).

WASHINGTON

Citizen Tom Paine (Eisenhower): Richard Thomas stars in popular historian Howard Fast's look at the Thetford-born American radical's rise and fall to obscurity, in between the fame brought by Common Sense. Ends April 12. Kennedy Center (254 3670).

Ourselves Alone (Arena): American premiere of Anne Devlin's drama of three women trying to balance personal and political conflicts in Northern Ireland stars John Leonard, Heather Ehlers, Randy Danson and Christina Moore, directed by Les Waters. Ends May 10. (488 3300).

Kennedy Center: Imagination Celebration 1987, a nearly month-long pageant of mime, music and dance centres round a production of A Child is Waiting, about disabled children, along with two presentations of the myths of North American Indians. Ends April 29. (254 3600).

LONDON

Les Liaisons Dangereuses (Ambassadors): Christopher Hampton's masterly version of Laclos' epistolary novel is sexy, witty and wise, like a collaboration between Marivaux and de Sade. Howard Davies's sell-out pre-Revolutionary production for the RSC has moved from the Pit with Alan Rickman and Lindsay Duncan still battling and bitching over lovers and other riffraff. (836 6111, CC 836 1171).

Misalliance (Barbican): Rarely seen Shaw, and a much underrated play, given the full RSC works by John Caird, a Polish new woman crashing into the surrey conservatory in her monoplane. Jane Lapotaire sparkles alongside Brian Cox, Elizabeth Spriggs and newcomer Richard McCabe (628 8795, CC 638 8891).

The Phantom of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

Woman in Mind (Vaudeville): Alan Ayckbourn's new comedy has a brilliant performance by Julia McKenzie as a dissatisfied housewife visited on her own garden lawn by an imaginary ideal family. Bleak but funny, hailed in some quarters as vanguard feminist drama; be not put off by that. (836 9987/5645).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 8108).

The House of Bernarda Alba (Globe): Lorca's last tragedy in a successful production transferred to the West End from Hammersmith. Nuria Espert, veteran Spanish actress/director, has drilled a high-calibre cast led by Glenda Jackson and Joan Plowright into a near-authentic portrayal of steam frustration in an all-female household oppressed by both traditional catholicism and the peasant class system. Ultimately it's all a bit British, but the company provides a roll-call of some of the best actresses around – all eclipsed by the ineffably touching Julie Legrand. (437 1592).

Saleroom/Antony Thorncroft

Tew mystery dispelled

Christie's will be holding perhaps the most intriguing house sale of the year on May 27, 28, 29, when it disposes of most of the contents of Great Tew Park, the mysterious house in Oxfordshire which was the home of the descendants of Matthew Boulton, the celebrated 18th century entrepreneur and sponsor of James Watt.

Great Tew has become famous in recent years because its owner, Major Robb, sealed it, and the surrounding village that he owned, in aspic. He died in 1985, making his manager, James Johnston, his heir rather than surviving members of the family. Mr Johnston is holding on to the house, although living elsewhere, but selling the furnishings to meet taxes.

To deflect criticisms of destroying a part of the national heritage, comparable to Calke Abbey, Christie's has arranged to hand over the most valuable item in the house, the sidereal clock made by Boulton, with the Catherine the Great of Russia, as the prospective buyer, to the nation. It has been sold by private treaty and will be displayed in Birmingham. It was valued at around £750,000.

The remaining contents are conservatively estimated at £1m, but since they contain a marvellous collection of Regency furniture supplied by George Bullock, with the original invoices still in the family archive, they should make much more. A bookcase made for the library which cost Matthew Robinson Boulton, who moved to Tew, £64, now carries a £10,000 top estimate.

As well as the furniture there are some fine family portraits of Matthew Boulton, and his heirs, which the National Portrait Gallery would love to own. Great Tew would be an expensive property for the nation to take into ownership but it is still a pity that its quaintness should be dispersed.

The most remarkable lot at Sotheby's yesterday was a rare set of twelve white marble figures of the Caesars, made around 1680. They were sold as one lot for £132,000, rather below their collective individual estimates. Also in the works of art sale was a rare English painted lead portrait of a dog, attributed to John Cheere. It was made around 1760 for Sir Francis Dashwood of West Wycombe Park, but it is believed to be a portrait of Hogarth's famous dog "Trump"; Hogarth attended the rituals of the Hellfire Club at Wycombe. It sold, within forecast, for £55,000.

A Burgundian gilt copper and enamel chain made in the second half of the 15th century and probably worn by a member of the household of Charles the Bold, Duke of Burgundy, made £37,400.

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Wednesday April 8 1987

Faster growth is the key

THE PARIS meeting of finance ministers in February ended with hearty handshakes and bright smies. At las the leading industrial countries had agreed on the need for currency stability and greater economic co-operation. Two months later, the mood is a little more sombre: the ministers gathered this time in Washington for the IMF interim meeting must be ruefully aware that economic events in 1987 are not unfolding according to plan.

Currency markets were not expected to experience a fresh bout of turbulence within weeks of the Louvre accord: Japan can *feel justifiably annoyed that the* yen has appreciated by a further 4½ per cent against the dollar. The Third World debt crisis was not supposed to flare up again after a couple of years of relative calm. The US, Europe and Japan were not expected to be indulging in some of the most xenophobic bickering about trade since the 1930s. Worst of all, Gatt in Geneva and the IMF in Washington were not supposed in the spring of 1987 to be revising down their forecasts for growth of world trade and GNP.

Unanswerable case

Lacklustre growth in 1987 is the key to understanding the other sources of conflict. If Europe and Japan were growing *faster and sucking in more* imports from the US, the dollar would today be looking less wobbly. If economic activity were expanding vigorously in the industrialised world, developing countries would be able to find markets for their exports and service their debts more comfortably. If world trade were growing strongly, the threat of trade war would be much reduced: it is easier to divide up an expanding cake than one that is nearly static.

The case for faster world growth thus is, or ought to be, unanswerable. Even if there were no worries about debt, trade or currencies, the extraordinarily high level of unemployment in most OECD countries would justify expansionary policies, especially when inflation is at such a low ebb. The question the finance ministers in Washington need to address is why they have so far been so ineffectual in promoting a more vigorous world economic expansion.

It is tempting to look for an excuse in technical factors. Thus it might be argued that growth is slow because the leading countries have yet to agree an adequate machinery for co-ordinating their efforts. The IMF has been working on a system of "objective indicators": countries would agree to amend their policies if it looked as though they would fail to achieve mutually agreed targets or guidelines for key variables such as current account balances, growth or inflation. The Fund has also been examining the merits of various proposals for exchange rate target zones. So far, there is little agreement on the status of indicators or zones, or on the publicity that should be attached to them.

Demand stimulus

A more sophisticated mechanism for fostering economic co-ordination would certainly be useful. But it is not an absolute priority. The root cause of slow world growth and currency instability is more prosaic: it is the failure of the surplus countries—principally Japan and West Germany—to provide an adequate stimulus. The US has made policy mistakes in the past decade, but it still deserves credit for leading the world out of recession in the early 1980s. Laden with debt, it obviously can no longer pull other countries along; indeed only this week the US announced further restrictions on imports from Third World countries, from Brazil to South Korea.

With the US likely to remain in the shadow of its twin deficits for several years, prospects for faster world growth look bleak unless other leading industrial countries prove willing to take on the mantle of leadership. The main surplus countries can well afford to provide a sizeable demand stimulus; the precise mix between fiscal and monetary relaxation is a second order issue. If Mr Lawson's experience in the UK is any guide, the likely result would be not only faster growth but *ex post*, surprisingly strong public finances, as higher activity feeds through into tax receipts. A demand stimulus outside the US has now become the least risky policy for the world economy.

Managing those council houses

THE GOVERNMENT'S reported proposal to take some of the large council estates away from their present owners, the local authorities, and place them under the control of urban development corporations brings together three important strands of Conservative policy. It continues the steady curtailment of the local authorities, advances the strategy of reducing public-sector housing to a minimum, and introduces a "business-friendly environment" to run-down inner-city areas. What is not clear is whether implementing the proposal would improve the management of publicly-owned houses for rent.

Curtailing the power of local authorities has become a common factor in many of the Government's policy initiatives. It is not only a matter of rate-capping, or attempting to control overall local expenditure. Central control over education, the major local authority service, is steadily increasing. The removal of the larger polytechnics and colleges from the aegis of the local authorities, announced last week, is one of a series of similar steps; the attempt to establish privately-financed city technology colleges is another. The trouble with the overall policy of curtailment is that it is purely negative.

Unfriendly attitude

Mrs Thatcher's Government began to reduce the size of the locally-owned public housing sector in 1979. Expenditure on new council house building was run down almost as rapidly as existing houses were sold off. This policy could be justified on the ground that the council estates of the 1960s and 1970s had become an anachronism. The fact remains that one measure of the strength of local councils, particularly in the urban conurbations, was the extent of its estates.

As to the third strand, there is little doubt that in some of the most blighted city centres the attitude of local Labour councils to both private property and private capital is, to say the least, unfriendly. The London Docklands Development Corporation has been remarkably successful in creating a "business-friendly environment" within its area, thus encouraging the influx of both private housebuilding and fresh investment. The Merseyside UDC is similarly well regarded.

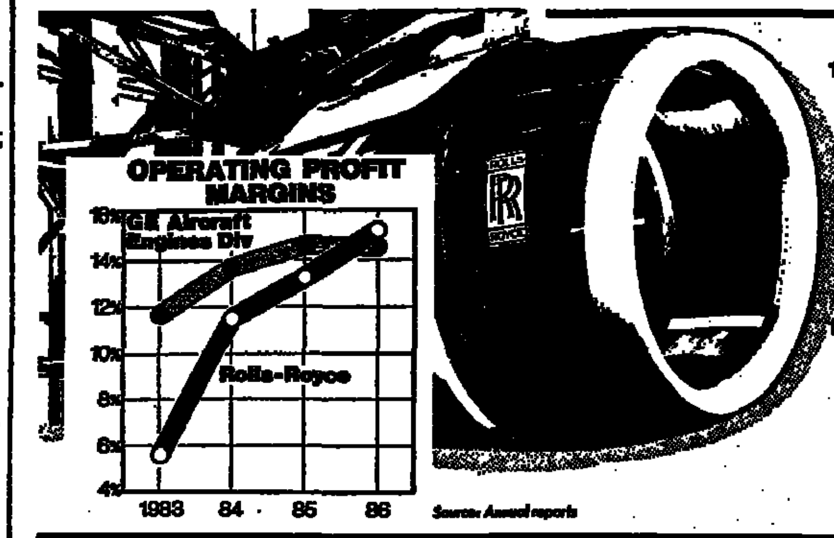
But the UDCs were not created to provide rented housing —or, indeed, to manage it. Their speciality is the ability to override local authorities in the assembly of derelict land. They are well versed in the best manner of offering this land to new investors, free of council planning procedures and restrictions. There may be good managment in the existing UDCs, and more may be recruited for the further corporations that the Government is apparently thinking of creating, but it is not by its nature housing management, and especially not management of the kind that takes naturally to the provision of subsidised rented housing for the poor.

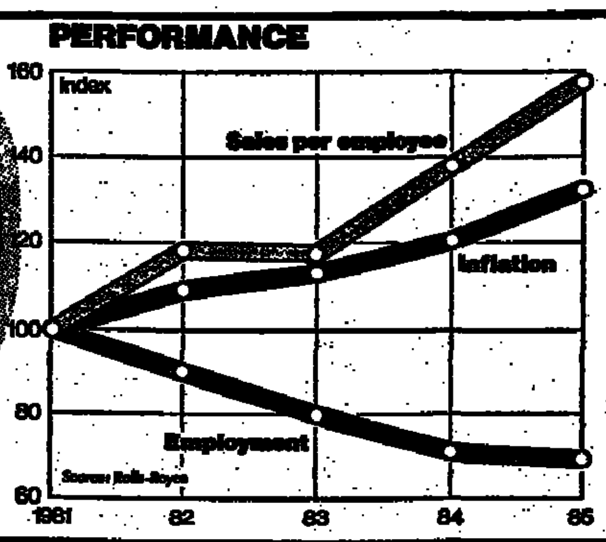
Housing associations

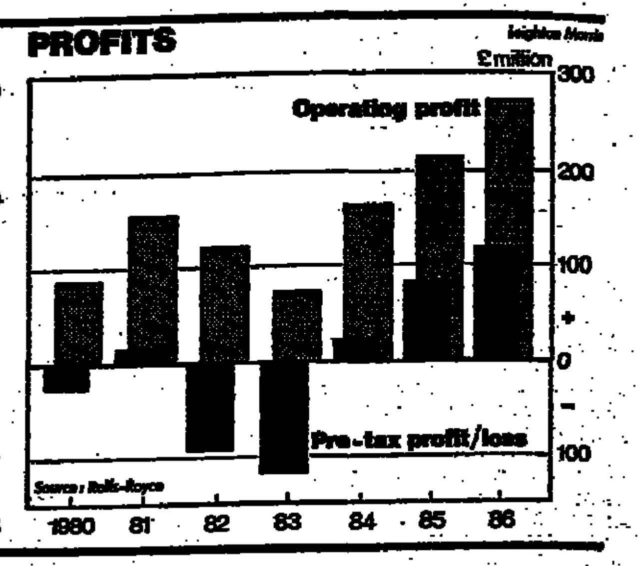
It may reasonably be argued that the local authorities have themselves failed to manage their huge housing estates in a flexible or cost-effective way. Many of them have run their fiefdoms according to the worst bureaucratic traditions. The long council house waiting lists, which are hard to explain now that the stock of dwellings has long caught up and passed the number of households, are almost as clear an indictment of local authority management as are the long lists of properties kept empty because of the mismanagement of maintenance programmes. In addtion the houses are in a very poor state of repair: a year ago the Audit Commission estimated that it would cost £20bn to carry out necessary maintenance and improvement in England alone.

The case for reform of local authorities is thus plainly made. Short of that there is a case for changing the present management structure — perhaps by further increasing the number of housing associations. The latter are usually managed by locally-elected committees. Unlike UDCs, they have experience of managing houses for rent, particularly at the lower end of the market. And, again unlike UDCs, their tradition is to work closely with local authorities. They do not — and if extended would not — incur the wrath and obstructionism of local councils by overriding them.

ROLLS-ROYCE







Flying, but maybe not high enough

By Terry Dodsworth

IT WOULD be hard to find a company which has had a more central role in the evolving story of British industry over the last 20 years than Rolls-Royce.

The 1971 collapse of the aero-engine group, the prime symbol of British engineering excellence for more than half a century, probably did more to hammer home the message of *the UK's manufacturing* decline than any other single industrial event.

Its long struggle to recuperate, amputating marginal divisions, and shearing away at its labour force, mirrored the surgery that has been inflicted on virtually every part of the country's traditional manufacturing sector. And its re-flotation as a public company, scheduled over the next few weeks, reflects the general recovery in UK corporate profits.

Rolls' rehabilitation, in a privatisation likely to value the group at around £1.3bn, also illustrates another key feature of the change that has been forced on British industry over this period—the adaptation to a world in which competition has become relentlessly more global.

Most of the companies which, like Rolls-Royce, ran into financial difficulties in the 1970s, from Upper Clyde Shipbuilders to British Leyland, did so because they failed to adapt to the new wave of international competition. Those that have survived have generally done so by turning themselves into genuinely international companies, taking world standards as the ones they have to match or beat.

For Rolls, the central problem of the last 16 years has been to carve out a role for itself in an industry dominated by two American competitors, the aero engine division of General Electric and the Pratt and Whitney subsidiary of United Technologies. Each is about twice its size, with sales of $5.9bn and $5.4bn respectively last year against Rolls' £1.8bn ($2.9bn).

The main market for both military and civil aircraft is also in the US, which accounts for about 40 per cent of all passenger miles flown at present; the leading airframe manufacturers are US-based as well, although the European Airbus has begun to redress the balance a little.

On the defence side this concentration of activity in the US has been less critical. Since European governments have chosen to maintain a presence in the military aircraft field, Rolls has had a continuing firm base for its production, moving progressively to an international scale as much of defence procurement has shifted towards collaborative projects.

But on the civil side, excinsion from the US would have meant oblivion.

It was realisation of this weakness in the civil market that pushed Rolls into its 1971 crisis. In the late 1960s, the company had come to the conclusion that the only way to break into a convincing position in the US was by winning orders to power the revolutionary new wide-bodied aircraft then being designed. It bet everything on a revolutionary design of its own, the brand new RB211, much more powerful than any engine it had designed before.

Rolls' failure to bring the RB211 in on time and on cost has since been blamed on a variety of factors — poor accounting policy, the arrogance of its engineers and a foolhardy gamble on unproven carbon fibre technology.

But the underlying problem had to do with the company's size. When it came to the crunch, Rolls did not have the resources to cope with an expansion programme which its larger American competitors found much easier to bring off.

In the years since then, public funds have provided part of the muscle to help the group stand up to its larger competitors. Rolls has received £505m in equity injections since 1971, the last £50m as recently as 1982.

The question for investors today is: can the company cope without the Government to nurse it along; and, more importantly, how has it dealt with the problem of size? The answers run something like this.

First, Rolls has dramatically reduced its costs, mainly through swingeing labour cuts of 20,000 during the 1981-83 recession. This was a typical, if particularly uncompromising example of the surgery applied to British industry when the pound was strong in the first Thatcher administration. It was carried out by a Thatcher confident, Lord McFadzean, the tough Scottish executive brought in as chairman after Rolls was hived off from the National Enterprise Board.

The workforce today stands at about 36,000 in the UK (42,000 worldwide) against 57,000 in 1980. "I don't think there was real pressure to act on labour costs until the early 1980s," says Sir Francis Tombs, Rolls' current chairman.

Rolls believes that following these redundancies, and at current dollar rates (most civil airline sales are denominated in dollars), its manufacturing costs are competitive.

It is not easy to prove this either way from the figures. In terms of sales per employee, Rolls is way adrift of the two American companies. While the UK company achieved sales of $2.9bn last year from its 42,000 workforce, GE had sales of almost $6bn with a payroll of 40,500, and Pratt and Whitney generated turnover of $5.4bn from 47,000 workers. But Rolls manufactures more in-house than its competitors, and operating profit margins of 13 to 14 per cent on sales are roughly comparable.

Second, the group has taken a raft of measures to improve efficiency. In the last ten years, and with accelerating impact since the cost-cutting measures launched by Lord McFadzean, it claims to have brought down the production time for an engine from about 22 weeks to six.

On the factory floor, it has pushed ahead with automation as a means of shaking out stocks and reducing working capital needs: in 1981-82 it cut working capital from around £750m to £426m.

Rolls' struggle to recuperate mirrors the surgery inflicted on virtually every part of the UK's manufacturing sector

Third, Rolls is investing in a strategy which aims to cut as much risk as possible from the enterprise, a reflection of the lasting impact made by the losing gamble in 1971. This involves extensive collaboration with other companies on new product development.

Risk has also been reduced by *more* economical methods *of* engine design. Computer aided simulation techniques, for example, have vastly reduced the physical modifications required during engine development; the company has moved to a modular development technique allowing it to transfer component designs from one engine to another, reducing the number of totally new elements in any development project.

"This was not done at Rolls 15 years ago," says Mr Phillip Ruffle, director of design and engineering. "At that time we had different companies each pursuing different engines and different strategies. Now we are operating as one company pursuing one strategy."

Finally, Rolls today has a broader product range in the commercial field than in 1971, partly due to the versatility of the RB211. This is an important aspect as airlines like to be able to deal with one supplier for their entire range. "Rolls has definitely become much stronger in its customer relations," says one of its competitors. "It had some initial problems with the RB211, but it has ironed those out, and *it's* become a tough, tough competitor. We never laid a glove on them in the Cathay Pacific negotiations (one of last year's big airline contracts)."

Efficiency improvements are now beginning to flood through in improved profitability. After the two loss-making years 1982-83, when the combined deficit amounted to just over £200m, pre-tax profits shot up by £120m last year, and are widely forecast to hit £150m in the current 12 months. Sales volumes, which dipped in 1983, are now recovering strongly as the civil airline business goes through a cyclical recovery in demand. Over the rest of the century, Rolls is banking on an underlying rise in airline traffic of around 5 per cent a year.

These are conditions which will allow the Government to paint an optimistic picture for the flotation, aided by its benevolence in sending Rolls off with a completely debt-free balance sheet. Nevertheless, the downside risks for the company should not be forgotten. They include:

- The possibility that at some stage Rolls may be faced with the expense of launching a revolutionary technological development which could not be accommodated within its module engine development approach.
- The likelihood that the military business, which provides a well-funded, stable base, may be entering a period of flat revenues.
- New competitors would emerge, particularly the Japanese. Although Rolls does not see this as a threat for the next couple of decades, the challenge is there. "The Japanese are positioning themselves to acquire all of the requisite technical skills to become prime competitors, not this round, and not the next, but the one after that," says Mr Tom Wilson, manager of business development in GE's engine group.
- The threat that operating lease financing arrangements backed by the company to persuade the airlines to buy its engines could rebound on it. Under certain conditions, Rolls could be obliged to take the aircraft back on to its own books
- The cyclical nature of the civil airliner business. The market can be highly unpredictable. The downturn in the early 1980s, for example, was largely unforeseen by the industry, and caught Rolls unprepared at a time when the strength of sterling was also putting strains on the company.
- Finally, Rolls' new size puts it at a potential disadvantage. Some analysts believe the company suffers a scale disadvantage in its manufacturing because it cannot match the Americans' length of production run. On research and development, the company's expenditure is dwarfed by that of the American groups, despite the fact that it receives large sums of public money.

Rolls' R&D spending runs at about £250m ($400m) a year, around £100m from its own resources. But GE, while spending roughly the same proportion of its turnover on R&D (5 to 6 per cent a year), has a total budget of $1bn a year after accounting for government funding.

Rolls today is undoubtedly leaner than it was, and has *worked out an international* strategy aimed at neutralising its size problems by fleetness of foot and widespread collaboration.

It could be argued that the company owes all of this to its rescue by the public sector; on the other hand, it is equally true that the most crucial managerial changes occurred after the election of the first Thatcher Government and the tough new attitude that brought to industrial reorganisation.

Privatisation, Rolls contends, will take the new approach a step further, giving it greater flexibility and freeing it from bureaucratic controls.

Men and Matters

Giscard wins place and prestige

Former President. Giscard d'Estaing returns to the political limelight with his election yesterday as the new head of the prestigious foreign affairs commission of the French National Assembly.

Giscard, no longer considered to be in the running for the Presidential elections next year, has also come up with the idea of creating a new presidency of Europe for which, in his opinion, he would be the ideal candidate.

His election to the top of the foreign affairs commission during yesterday's opening of the spring sesesion of the French parliament was a much more civilised affair than the election of his predecessor to this venerable post.

Although the two traditional parties of the French right—the UDF coalition and the neo-Gaullist RPR party of Prime Minister Jacques Chirac—won a slim majority in the legislative elections last year, they failed to agree on a candidate for the foreign affairs commission. They ended up by allowing the Socialist candidate, Roland Dumas, the former foreign minister, to be elected.

This time the right-wing parties decided to show that they could live together as well as Chirac and Mitterrand have cohabited for the past 12 months. Well before parliament reconvened yesterday, they got their act together and settled on Giscard for the post.

Open court

Trade unions are fond of saying they are sick and tired of being lectured about their lack of democracy by Lord Young, an unelected employment secretary, and Kenneth Clarke, an employment minister who is, they quip, a member of the barristers' closed shop.

The two ministers rarely rise to the bait. At an Industrial Society conference yesterday, however, Clarke was stung into making a stout defence of the openness of the Bar.

"The closed shop is where you have got to belong to a trade union or professional organisation before you have a job," he said. "I do not have to belong to the Bar Council to practise at the Bar. It is not actually a closed shop."

Well, is he right? After some thought the Bar said later yesterday that while Clarke could not practise unless he had qualified and been called to it, there was, as such, no further condition attached to the job.

On the other hand, the Bar pointed out that there was the question of an annual subscription to pay for the secretariat. Although there was no strict obligation to pay it, an official said, "I think they would get pretty short shrift from their colleagues if they didn't."

Track records

Koreans preparing to play host to next year's Olympic Games are working hard to come to terms with some of the language they are likely to hear from (over) exuberant sports commentators.

In addition to the multiple language training being given to staff at the Seoul Olympic organising committee, a special course on Olympic English is being played daily through the public address system at the 14-floor Olympic Centre.

The course, compiled by Grant Eustace and Keith Alexander, features replays of BBC sports commentaries with accompanying renderings in Korean to explain such odd phrases as "Coe is sitting on Walker's shoulder," or "the stagger unwinds and it's still Wells."

"Would you be in favour of opinion polls replacing the present electoral system?"

It is intended to help Korean Olympic staff who will be dealing directly with sports reporters, athletes and officials. One student confessed that he still found it all "rather strange and confusing." But the organisers are recruiting a team of 5,000 additional volunteer interpreters, 3,000 of them in English. That should ensure international understanding survives even the efforts of David Coleman and Ron Pickering.

High flyers

Tony Ryan, chairman of the successful Irish aircraft leasing company, GPA Group, was wearing a mischievous grin when he welcomed Dublin journalists to a breakfast press conference yesterday.

The reporters' mutterings at being called out so early to hear the already leaked news that Sir John Harvey-Jones, lately of ICI, was joining the GPA board as a non-executive director were soon stilled by the quite unexpected announcement that Dr Garret FitzGerald, Prime Minister until last month, was also joining the board in a similar capacity.

Ryan is fast gaining a reputation for raiding the top echelons of Irish public life: present at the press conference was Sean Donlon, until recently chief of the Foreign Ministry and now a senior executive at GPA. He worked closely with FitzGerald in the negotiation of the 1985 Anglo-Irish agreement but insisted their latest association was pure coincidence.

By joining the board, Fitzgerald is bringing his career full circle. In the 1950s he worked as research and schedules manager for Aer Lingus. His reputation for statistical wizardry was such that when he left in 1958, the rumour spread fast that it took a computer and four staff to replace him.

Donlon also told the tale of how FitzGerald managed to work out the size of the Soviet Aeroflot fleet — at the time undisclosed — by studying its timetable. His estimate later proved correct.

Inside out

Can you picture Ivan Boesky on Top of the Pops?

Maybe not. But a new song—Insider Tradin' by the VPs — has already acquired a cult following on Wall Street, I hear.

Sung to the tune of The Animals' "It's My Life," the ditty purports to explain the attraction of the eponymous practice ("It pays for Club Med and the big waterbed").

The VPs can certainly claim more insight into the business world than the average pop group. Three of their number are advertising account executives in their spare time, while the fourth, lead guitarist Morris Rabinko, analyses aluminium and steel industry prospects for a US bank.

Observer

Texaco's battle with Pennzoil

Legal blunders that could kill

By William Hall in New York

SOON AFTER Texaco, the third biggest US oil company, heard on Monday that the Supreme Court had overturned its main defence against having to post a crippling $12bn (£7.4bn) bond to fight the biggest civil damages award in US history, it hurriedly called a press conference in New York.

With the price of its shares and bonds plummeting on Wall Street, one of the world's most famous oil companies was anxious to re-assure its increasingly nervous customers, suppliers and investors that it was not about to go out of business. A few hours later the site of the press conference was hastily changed to a hotel close to Texaco's White Plains headquarters, 30 miles outside New York, and alternative plans were made to hold a telephone conference with Mr Al DeCrane, Texaco's new chairman.

The telephone link-up failed and those journalists who were able to go to White Plains in time for the press conference were confronted with a relatively taciturn Mr DeCrane, who hurried out of the meeting before reporters had time to finish questioning him about the implications of the Supreme Court's decision.

The mix-up over the press conference is symptomatic of the confusion and uncertainty which has surrounded Texaco's increasingly desperate battle for survival over the last three years. When Pennzoil, a medium-size Texas oil company, sued Texaco in 1984 for interfering with its planned takeover of Getty Oil, few people outside Texas took the case seriously. Even today the thought that Texaco, one of the so-called seven sisters—the seven oil companies which once dominated the international oil business—might be brought to its knees by this legal battle seems inconceivable.

However, the Supreme Court decision, which has the effect of throwing Texaco back to the mercy of the Texas courts which have shown little sympathy to date for its plight, is a severe setback.

Ever since November 1985 when a Texas court awarded Pennzoil $10.53bn damages after finding that Texaco had "knowingly and intentionally interfered" with Pennzoil's bid for control of Getty Oil, Texaco has been fighting its legal battle on two fronts.

At state level it has been working to overturn a judgment which the company describes as "contrary to reason, contrary to fair play, and contrary to constitutional and legal principles governing business activity."

It has found any number of expert witnesses to show that the Texas judgment is inconsistent with federal law and the state laws of New York and Delaware; the two most important states in terms of business law in the US.

The Supreme Court's decision means that Texaco's strategy has been destroyed

In February the Court of Appeals for the First Supreme Judicial District of Texas knocked $2bn off the damages award against Texaco but otherwise left intact the judgment against it.

The company attacked the decision as an "outrageous judgment totally at odds with both the law and the facts" and said that the decision "sends a chilling warning that businesses and others can no longer depend on the constitutional safeguard that the courts of one state must faithfully apply the laws of another."

Under Texas law, Texaco can only appeal against the award by posting a bond for the full amount of damages plus interest and costs, and Texaco has warned on several occasions that this would force it into bankruptcy. Even after the $2bn reduction in punitive damages agreed in February, the award has been accumulating interest at the rate of 10 per cent a year, requiring the posting of an appeal bond of around $12bn.

A bond of this size would tie up more than a third of Texaco's assets and would overshadow its shrunken stock market capitalisation of $9bn. To fight the huge damages award, which is threatening the very survival of the company, Texaco has to be able to escape posting the huge bond and to this end it took the unusual action of asking a federal court to intervene before it had exhausted the appeal process at the state level.

The move met with early success. A federal court in New York ruled early last year that Texaco need only post a $1bn bond to appeal against the Texas court's award which it described as "so absurd, so impractical and so expensive that it hardly bears discussion."

However, on Monday the Supreme Court ruled that the lower federal court should not have blocked a Texas law requiring Texaco to post a bond equal to the judgment in favour of Pennzoil. While the Supreme Court stressed that its decision did not reflect on the underlying merits of Texaco's case, it argued that federal courts should have abstained from hearing the bond dispute.

The decision means that Texaco's legal strategy, designed to get its case heard in the more sympathetic surroundings of the federal court system, has been destroyed. The Texas courts will now have to decide whether Texaco should be relieved from the state appeal bond law, which would ordinarily allow Pennzoil to place liens on and execute its judgment against Texaco.

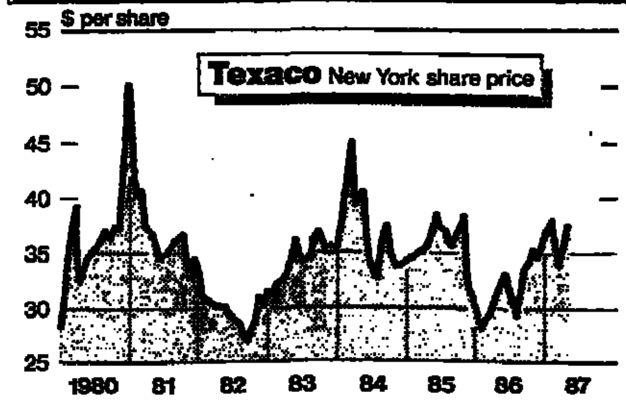
The implications of the decision have not been lost on the financial markets where Texaco is finding it increasingly difficult to conduct its normal business. It has had to stop issuing commercial paper and is finding it near-impossible to launch a public debt issue. "Texaco now faces again the spectre of posting a bond in the full amount of the $9.1bn judgment, plus interest and costs," said Moody's, the US credit rating agency which is considering downgrading yet again the credit rating on Texaco's $8.1bn of paper.

Mr James Kinnear, Texaco's new chief executive, has tried to play down the scale of the setback and has emphasised that Pennzoil has agreed not to move against Texaco's assets as long as the company quickly seeks relief in the Texas courts from the "irreparable financial harm that would be caused by the enforcement of the state's bond and lien provisions."

However, be warned: "If these efforts in the courts and in discussions with Pennzoil fail to provide Texaco with the reasonable relief it requires to continue the appeal on the merits of the case, Texaco would have no alternative but to seek the protection of the bankruptcy courts."

The threat of bankruptcy is Texaco's last major card in this high-stake legal battle and the company's very survival depends on how it plays its hand. Lawyers who have watched the case develop from a minor legal irritant, hardly worth a footnote in Texaco's 1984 annual report, say that the company's legal strategists have made a number of major errors over the past three years.

They believe Texaco could have prevented the case slipping out of the relatively sympathetic Delaware court system and into the more hostile Texas environment where the company believes it has never had a fair hearing. They also argue that Texaco made a fatal mistake in allowing the complicated case to be tried in front of a jury and not challenging the size of the damages sought by Pennzoil. Texaco felt it would undermine its argument that Pennzoil did not have a case if it puts up its own estimate of the damages.



The rival chief executives: Hugh Liedtke of Pennzoil and (right) James Kinnear of Texaco.

The Supreme Court decision is a major coup for Mr Hugh Liedtke, Pennzoil's poker-playing chief executive who unlike Mr John McKinley, his opposite number at Texaco, has delayed his retirement so that he can see the end of the legal battle.

Texaco has made at least four previous offers to settle its dispute with Pennzoil out of court but they have all been rebuffed. Only last week, before the Supreme Court decision, Mr Liedtke told a group of reporters there was "no way" this dispute could be settled in the $2bn range.

Wall Street analysts have been estimating that the latest legal setback might mean Texaco having to pay more than $5bn to win Pennzoil's agreement. However, they also note that it is not in Pennzoil's interests to force one of America's biggest industrial companies in to bankruptcy. Pennzoil would then have to take its chance alongside Texaco's other creditors.

Both sides refused to disclose whether they were now discussing a proposed settlement, but Wall Street and the rest of the financial community believe that Texaco's financial agony cannot be prolonged much longer. The company is a shadow of its former self, doing little new exploration and is a sitting target for a corporate raider.

Britain's trade unions

A lesson from Australia

By Robin Archer

CONVENTIONAL wisdom has it that British unions face inevitable decline. But recent Australian experience suggests there may be an alternative. The Australian unions have just rejected a return to traditional British-style unionism and decided to continue with their Swedish-inspired experiment.

A recent national conference of the Australian Council of Trade Unions (ACTU) voted to maintain the experiment, which has its origins in the four-year-old prices and incomes "accord" between the Labor Party and the ACTU. The new approach has two elements.

First, it involves a vision of a strong, united union movement. A union movement which can use its bargaining power to achieve collective gains for all workers by intervening in national economic and social planning. This is what the Australians admire about their Swedish comrades. "The LO (Sweden's TUC) has a social bargaining capacity," says ACTU secretary Bill Kelty. "It is the only organisation other than government which is able to be a social bargainer: a bargainer for a class."

Second, it seeks to redistribute the power of organised labour. A centralised union movement is fostered in order to harness union power for the benefit of all workers rather than for the sectional interests of those with the most industrial muscle.

Wages policy has been the most important example of the new approach. Since Labor came to power in 1983 the unions have traded off wage restraint for a range of class-wide collective gains, including universal health insurance, tripartite industry plans, tax reform, and comprehensive superannuation coverage

At the same time a centralised system of full cost of living wage indexation enabled the power of organised labour to be distributed for the benefit of all workers. Indexation prohibited strategically well-placed workers such as oil refinery operators from making "extra claims." It also guaranteed that weaker sections of the workforce like migrant women in the textile industry were at least able to maintain their standard of living.

Full wage indexation was at the heart of the accord which was the central plank of Labor's economic strategy. Designed to reduce unemployment and inflation simultaneously, the accord worked well for over two years. More than 500,000 jobs were created (the equivalent of 2m in a country the size of Britain) and inflation was halved to 5 per cent.

But throughout 1986 a growing balance of payments crisis took centre stage and the Labor Government decided to abandon its commitment to full wage indexation. Faced with government insistence on a real wage cut, the ACTU opted for a new "two-tier" system.

Under the first tier all workers will receive a centrally awarded flat increase of $10 per week. This tier will ensure that the low paid maintain, or even slightly improve, their position. The second tier will be the preserve of the strong. Here unions can pursue extra claims at an industry or enterprise level under centrally set guidelines up to a limit of 4 per cent. The government is prepared to back the scheme so long as the guidelines produce an overall outcome equivalent to the across-the-board cut they initially sought.

The decision was not an easy one for the unions. Indeed, on the face of it the change is a shift away from the Swedish-style approach. A more decentralised system dilutes the ACTU's power to bargain for class-wide gains. Moreover, many middle income earners who do not have the clout to win second-tier increases will be forced to bear the brunt of reduced living standards.

But the ACTU insists that the real alternative to the two-tier system was not full wage indexation but a totally deregulated system of free collective bargaining. It argues that the government's determination to discount full cost-of-living increases meant that the indexation system was doomed. Previous experience of partial indexation in Australia suggested that it would quickly collapse into a market free-for-all. Powerful unions like the building workers made it clear that they would lead the way back to the market rather than take a real wage cut.

Under pressures like these in 1977 Britain's TUC Congress chose to set aside its Social Contract with the Labour Government and return to the familiar terrain of free collective bargaining. The two-tier system is an attempt to accommodate these pressures without collapsing into sectionalism.

The ACTU is adamant that the new Australian experiment with a more ambitious form of unionism should not be allowed to follow its British counterpart to an early grave. "You can always have a wage system where you give the strongest their head," says Mr Kelty. "That's the easiest wages system. That has the least pressure on the union official. But it has the greatest pressure on the union movement. Because there is no union movement. Because there is no commitment to achievement as a movement."

The two-tier deal offers the Australian unions a system which is at least partly centralised, which is seen as a precondition for maintaining the ACTU's class-wide bargaining capacity. Through the first tier strong unions redistribute some of their power to protect the position of the low paid. And even under the second tier the guidelines will promote improvements in the position of nurses and others whose work has historically been undervalued.

In Britain it has always been too easy to dismiss those advocating a Swedish-style unionism on the grounds that "British traditions are different." The new Australian unionism suggests this need not be a barrier. After all, no country had a labour movement closer to the British model than Australia.

Of course, one country's experience cannot be simply grafted on to another. But one thing is certain. British unionism is urgently in need of new ideas and a new approach.

Late last year the ACTU sent a mission of senior unionists to study the most successful strategies of their European comrades. The detailed report they brought back devoted but one paragraph to Britain. "There's not much you can say about the British trade union movement," says Bill Kelty. "It's bargaining capacity as a social bargainer is virtually non-existent. You don't need more than a paragraph."

The author is researching economic democracy at Balliol College, Oxford.

Letters to the Editor

Development in the City

From the Hon. Public Relations Officer of the City Heritage Society

Sir, — The City Heritage Society is growing increasingly concerned over some of the many proposals now being made for office development in the City of London.

In our view, there exists a real danger that the City may become the site of huge, costly buildings erected to provide dealing room space which may well turn out not to be needed — or be too expensive against relatively cheaper facilities available in nearby sites.

Current developments threaten to ignore the interests of the people who work and/or live in the City. Many retailers have already had to move out; more and still more will have to do so if some of the current development proposals are accepted. Residents in the Barbican are becoming increasingly anxious over the loss of environmental facilities that proposed new developments will threaten.

It is our view that new building must balance the needs of changing times with the preservation of those buildings which are worth preserving and with the human needs of the people who live and work here.

I hope that those of your readers who share our concern that we do not hand on a heritage transformed into a sterile, impersonal and barren concrete wilderness, will voice that concern before it is too late.

Charles Croot.
City Heritage Society,
131 Thomas More House,
London, EC2.

The future of higher education

From Gopalakrishna Kumar.

Sir,—Your leader (The realities of education, April 2) presents a somewhat low-key critique of the Government's new funding proposals for higher education and research. Obsessive talk of "targets and performance and efficiency" in the area of basic research is rather more than "perhaps a touch overdone:" it is crude and simple-minded.

It is crude essentially for the reason you allude to when you write: "Academic excellence does in the end depend upon the freedom of inquiring minds to follow wherever learning may take them." But it is simple-minded as well, and even from within the narrow cost-benefit perspective that seems to dominate current thinking. This is because basic research which ultimately lends itself most easily to commercial exploitation is often initially risky and open-ended research. There are enough examples from the recent history of R & D activity to bear this out — and a similar point was made in a recent article you featured on the research strategy of Bell Laboratories in the US.

Funding research on the cash-limits principle, as now seems to be advocated, will simply discourage risk and reduce the upper bound of future expected commercial gain, leave alone the drastic reduction in the probability of major scientific advance that will inevitably result.

It is thus possible to call into question the Government's approach on its own narrow economic criteria, forgetting for the moment the wider principles of unfettered scholarship and intellectual freedom that are also at issue here. Here is another example of what you yourself in another context fashionably called "short-termism."

Gopalakrishna Kumar,
210 Woodstock Road,
Oxford.

PR and the balance of power

From Mr E. P. Gooderham

Sir,—I cannot accept the suggestion of Mr James McFarlane (April 2) that the most telling argument for electoral reform is that it would "render impossible the return of an extremist government at some future date."

Let us start by noting that Weimar Germany had a system of proportional representation which did not stop the rise to power of Adolf Hitler.

Next, let us take into account the likelihood that, in this country, proportional representation would give the balance of power to the Alliance parties for most of the time. Apart from this being very unfair, it is no guarantee against extremism. The Liberal Party has a "loony left" as well as the Labour Party and it is conceivable that a majority of MPs in favour of, say, unilateral disarmament could be elected.

Thirdly, while I think it unlikely that they would gain significant power, extremist parties would be more likely to gain seats in the House of Commons under a system of proportional representation — depending on the nature of the system introduced. And as proportional allocation of seats tends to give disproportionately greater influence to minorities holding the balance of power (e.g. the independent member and the Speaker of the Irish parliament on whom Mr Haughey relies for a majority) it is possible that by adopting PR we could play into the hands not just of the Liberals, but the Communists, National Front or, dare I say it, Democratic Unionists.

E. P. Gooderham,
Clare College,
Cambridge.

Needs of the majority

From the Director of Lancashire Polytechnic.

Sir,—Once again a British Government has published a policy statement on higher education that is preoccupied with the provision of opportunities for degree study by a minority of, predominantly middleclass, 18-year-olds. By implication the educational needs of the majority of adults are relegated to insignificance.

Planning and managerial failures are to be remedied by the solution that only a short time ago was anathema to the present government—the creation of two quangos.

When post school education is in dire need of innovation and experiment there is to be detailed prescription from the centre. The procedures are to be created that could readily realise Walter Mitty ambitions of ministers, such as that of Sir Keith Joseph to abolish social science at a stroke.

Innovation in higher education this century has mainly come from local authorities' institutions. Yet again, local institutions are to be taken from local control and will lose their local character and function.

The current determination of this country not even to contemplate mass post school education is postponing until the next century any prospect of the social and economic renewal that is desperately needed. The idea that recovery can be based on a mass of uneducated meagrely trained people led by an elite is archaic nonsense, but it forms the basis of the educational policies now pursued by all our major political parties.

Eric E. Robinson.
Lancashire Polytechnic,
Preston.

Design work on Dungeness B

From Mr S. Ghalib

Sir,—Mr T. Schoeters, in his letter (March 20) says that the United Power Co was "the only group that had done any homework on the design" of the Dungeness B station (AGR). This is an astonishing statement to make now, when events as they unrolled during the very long construction of this station showed that the company did not have a properly engineered design at all. At the time, I was managing director of the Nuclear Power Group and we had certainly submitted a carefully designed AGR offer to comply with the CEGB's specification as well as one for a BWR as mentioned by Mr Schoeters.

Our detailed cost estimates showed the AGR to be more costly. The reason for our competitor's AGR price being lower than ours was mainly because they had ignored the specification and stretched the design: 600 MW against 500 MW.

Mr Schoeters is somewhat confused about the events that followed. When we discovered that the CEGB was prepared to accept a stretched design, we offered to put forward a revised tender. The Dungeness B contract had been placed, so the CEGB came up with the Hinkley B site, and we successfully negotiated a contract. As in all our power station contracts, the design was ours. The CEGB did not keep "very close control" over it.

It is ironic that some years later the CEGB had to take over the control of Dungeness B, which would hardly have been necessary if proper "homework" had been done on the design in the first place. It is now well known that while they were struggling with the numerous problems of that station, TNPG completed and commissioned the Hinkley B and its sister station at Hunterston in Scotland, in 1976. They are performing very well, achieving annual load factors of around 80 per cent.

Sel Ghalib, F. Eng.
238 Washway Rd,
Sale, Cheshire

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Mitsubishi to rescue Malaysian car project

BY WONG SULONG IN KUALA LUMPUR

MITSUBISHI of Japan has agreed to a rescue plan to save Malaysia's national car project, which is running into serious financial losses.

Mitsubishi, which has a minority stake in the project, has offered to market the Malaysian car, the Proton Saga overseas, use Mitsubishi's international network if possible, increase the utilisation of plant's capacity, and refinance the project's substantial debts.

The Malaysian project, built at a cost of 560m ringgit ($225m) has run into trouble because of the sharp contraction of the domestic market and the strong appreciation of the yen, which has risen by 50 per cent in the past two years, against the ringgit.

The Proton Saga car is a pet project of Dr Mahathir Mohamad, the Prime Minister. It is now one of the major issues being used against him by his challenger, Tengku Razaleigh Hamzah, the trade and industry minister, in the elections of the ruling United Malays National Organisation on April 24.

Perusahaan Otomobil Malaysia (Proton), manufacturer of the car, reported a 42.5m ringgit loss for its first year of operations which ended in March 1986.

Proton is 70 per cent owned by Hicom, the Government heavy industries Corporation, and 30 per cent by the Mitsubishi Corporation and Mitsubishi Motor Corporation (MMC).

The plant, outside Kuala Lumpur, has capacity of 80,000 units a year, but is producing only 20,000 because the local market has shrunk for 110,000 units in 1984 to 47,000 last year as a result of recession. A further contraction, probably to 30,000 units, is expected this year.

Tan Sri Jamil Jan, Proton chairman, said the rescue plan was agreed in principle following a visit to Malaysia last week by a senior Mitsubishi team led by Mr M. Ueda, MMC's managing director.

Tan Sri Jamil said the Japanese partners had agreed to give "their fullest co-operation" to Proton's plan to export the Saga – there are 1300 and 1500 cc models – to the US and Europe, which are seen as crucial markets for the car's survival.

Small numbers of the car have been exported to New Zealand, Brunei, Bangladesh and Papua New Guinea.

Brickling Industries has been appointed the US distributor of the Saga, which is expected to be sold in the US next year, at an estimated price of US$5,000, compared with US$7,600 paid by Malaysians.

To improve use of the Proton plant's capacity, the Mitsubishi group would transfer manufacture of some body components from Japan to Malaysia for re-export to its other facilities, such as Thailand.

Tan Sri Jamil said Proton was also at an advanced stage of negotiations with Volvo for the supply of body parts to the Swedish group's Malaysian kit assembly plant, which provides 200 series and 700 series cars at the rate of a few hundred a year.

The Mitsubishi rescue plan also involves speeding up the local content of the Saga, especially those parts that require expensive dies and tooling, by transferring the existing dies and tooling from Japan to the Malaysian plant. Sixty per cent of the Saga's components come from Japan.

A major burden for Proton is debt servicing – at December 1986 it had 487m ringgit in loans, all denominated in yen. Mitsubishi has agreed to help Proton to reduce this burden by refinancing the yen loans from cheaper sources, with longer repayment periods.

David Gardner looks at the achievements of an unsung finance minister

Mexico's architect of recovery

WHEN Mexican cartoonists caricature Mr Gustavo Petricioli, the *country's Finance Minister, they* may differ on whether to exaggerate his lack of inches, magnify his protuberant, Italianate nose or comfortably lined face, or perhaps hide him behind the haze produced by his chain-smoking.

But now that he has signed Mexico's new $7.7bn commercial bank syndication, the biggest ever, none would omit his fountain pen, enshrined as his defining attribute. If Mexico were Wales, he would be known as "Petricioli the Pen."

The new money deal sets the seal on a pioneering, growth-oriented package worth up to $14bn in fresh finance this year and next, and which reschedules over half Mexico's existing foreign debt of $100bn.

The terms are the best available. Mexico will pay a spread of 13/16ths of a percentage point over Eurodollars on both old and new money. Maturities have been lengthened to 20 years with seven years grace, unthinkable only a year ago.

Contingency finance is built into the package, $2.4bn of which is there to draw on if minimum growth targets are slow in materialising or the price of oil – Mexico's main export – collapses again. It was the loss of $8.5bn in oil revenue last year that led to this, Mexico's third rescheduling since 1982.

Nearly five years after the debt crisis began, with international bankers and Latin American debtors now visibly fatigued at the ad hoc, case-by-case rescheduling marathons, the Mexican deal is such a signal achievement that many involved in arranging it foresee it be*ing the last of its kind.*

Mexican Finance Minister Gustavo Petricioli

Yet inside Mexico it has been received with, at best, indifference by a people ground down by five years of falling living standards. Mr Petricioli has no glow of popular approval to bask in. Even the pro-government daily Excelsior, Mexico's leading newspaper and the one with the blandest cartoonists, pictured Mr Petricioli carrying the famous pen attached to a hangman's noose round his neck.

A politicised minority summoned up far more enthusiasm for the possibilities they sense Brazil has opened up by its recent interest moratorium, or for Peru, which unilaterally maintains a debt service ceiling of 10 per cent of exports.

Mexican ministers and officials argue that there is little to envy about either country, since both have practically run out of foreign *exchange. Yet they are far from* claiming that Mexico has achieved the goal President Miguel de la Ma*drid announced to the nation in a* broadcast last February, of "adjusting the financial terms of the debt service to the country's real capacity to pay." Mr Petricioli perhaps comes closest.

"How do you measure a country's real capacity to pay?", he asks. "We have defined it in terms of the moderate growth the country must have. That was not negotiable," he emphasised in a recent interview.

When Mr Petricioli's predecessor, the flamboyant Mr Jesus Silva Herzog, "resigned" in June last year amid accusations of disloyalty from the ruling Institutional Revolutionary Party (PRI) machine, he left a radical plan on the table it called for "the total elimination of spreads" initially below market interest rates, which would go up and down with the price of oil, and a quixotic attempt to link debt payment to market access for Mexican goods.

Although Mr Silva's departure was brought about as much as anything by rival ministers with presidential ambitions, President de la Madrid's unwillingness to risk a break with Mexico's creditors left his Finance Minister exposed. The workmanlike Mr Petricioli, long regarded as a shrewd negotiator and a first-class financial technician, got the President the next best deal.

Yet even Mr Petricioli cannot resist wishing Brazil and Peru well. In answer to a direct question on the Brazilian moratorium, he says: "We hope (the conditions of the Mexican debt package) can be bettered by other countries."

Mr Petricioli, aged 58, brought a marked change of style to the Treasury. The Government was con*cerned to underline that he was a* member of a team, unlike Mr Silva who functioned with unusual autonomy. One of the President's oldest and closest friends, he seems happy to be seen to be playing second fiddle not only to Mr de la Madrid but to Mr Carlos Salinas, the Planning Minister, Mr Silva's main rival.

Sacked by President Luis Echeverria for allegedly exceeding his brief and announcing fiscal reforms, he was restored to real office in the 1970s as head of the National Securities Commission, where he presided over the early expansion of Mexico's capital markets. In 1982 he was given charge of the banking system after Mr Lopez Portillo nationalised it, and then Nafinsa, the state development bank.

He clearly shares Mr de la Madrid's vision of structural reform. "The Government and private sector have a clear and defined conception that the future depends on export-led growth," he insists.

Neither the Government nor the PRI, however, have made more than cursory attempts to mobilise a consensus behind reforms such as privatisation and substantial import liberalisation

This has led some analysts to consider Mr Petricioli as an outside candidate for President in 1988. More obvious candidates like Mr Salinas may have shot their bolt by late September when Mr de la Madrid announces the choice, which is his alone. Mr Petricioli, the loyal negotiator, might look the best guarantor of reforms which might *otherwise be swept away.*

Deadlock on EEC internal market

By William Dawkins
In Luxembourg

A STORMY meeting of EEC internal market ministers yesterday broke down with no agreement on three key proposals to allow Europeans to work, travel and live more freely in different member states.

Mr Paul de Keersmaeker, the Belgian Secretary of State for European Affairs, chairing the meeting, told his colleagues: "The citizens' Europe has broken down today. We have gone backwards rather than forwards."

French anxieties over border security, the costs of providing health care for foreign residents without medical insurance and the consequences of opening up public-service professions to competition from other EEC nationals were among the main blocks to the proposals, which also met nationally-based objections from Britain, Greece and Denmark.

Yesterday's hiatus holds out the prospect of new delays for the Commission's campaign to achieve a fully free EEC market by the end of 1992.

The Belgian presidency of the Council of Ministers will have to win agreement on 19 internal market measures by the end of June – to add to the two agreed since the turn of the year – if it is to keep up with a programme to meet the Commission's timetable for 300 mea*sures by the end of 1992.*

Priorities for action on achieving a free internal market will be discussed at a meeting of national officials on Thursday, Mr de Keersmaeker said.

The main item on yesterday's agenda, a Commission proposal to replace systematic security checks at internal frontiers with occasional spot investigations, ran into a hail of national objections.

France was unable to accept the move without tough new controls on immigration and visas at frontiers between the EEC and non-member states, an idea which Belgium found too restrictive.

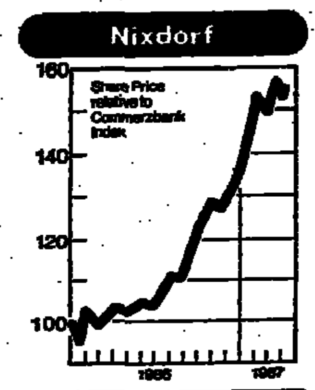
Britain wanted the directive to be revised after the proposed Channel tunnel was built, while Denmark wanted to be allowed to treat its frontier with West Germany as an external EEC boundary because of Copenhagen's membership of a customs union with the other Scandinavian states.

Equally detailed national questions blocked progress on the second proposal, for automatic residence rights throughout the EEC for people who are not economically active, like students and pensioners. Here France failed to get other member states to accept its request that parent countries should pay medical bills for foreign residents defaulting on health insurance.

On mutual recognition of professional diplomas, member states were split over a proposal by Belgium, supported by Britain and Germany, that professionals from other member states should submit to a formal exam before being allowed to practice.

THE LEX COLUMN

Adding it up at Nixdorf



The funding of Nixdorf's remarkable growth has left the more cynical Anglo-Saxon observers complaining of excess on both sides of the balance sheet divide. When Nixdorf went public in 1984 it was regarded as a typical debt-laden German company with recent memories of 200 per cent gearing; then when it began issuing shares they muttered about flooding the market. Now it will be increasingly difficult to have it both ways.

The paper issues may not be a once-and-for-all adjustment, but with shareholders funds speaking for a most un-German 60 per cent of the balance sheet and zero gearing expected by the end of 1987, there should be no need for an early repetition of even the mild earnings dilution of 1986; particularly as most of the beneficial effect of last October's one-for-six will not be felt until this year. Thanks to Nixdorf's apparently impregnable customer relationships, skilful tax management, and avoidance of serious currency effects, growth looks assured – at least over the medium-term – with the slight dip in the value of orders-in-hand at the end of 1986 explained by a price adjustment clause.

The prospects of Nixdorf sustaining its high levels of investment with internal funds alone is also now boosted by a slowdown in the growth of working capital relative to sales; although the repetition of that promise of doubled sales within five years is only a forward projection of the sustained 15 per cent compound growth of recent years.

In this context the static dividend is rather disappointing. The fact that it is currently common practice in Germany is hardly an excuse when Nixdorf has been so spectacularly outperforming a market where corporate earnings are slipping and equity yields are threatening to return to levels not seen since the 1970s. Nevertheless with the p/e in the mid-20s this remains a far from expensive long-term growth stock and the D-Mark is hardly headed down.

Oil trading

Someone appears to have come a nasty cropper in the Brent oil market. Paper barrels of Brent for delivery this month now cost a remarkable $19.40 each. It appears that a few trading houses have gone short of April Brent, while one of their number has quietly cornered the market. There are only three days to go before the April paper market disappears, so the short covering has become frantic. It could also be very costly for the sufferers, who may well have sold the contract short as low as $18 a barrel.

But such a surge in the price is a chimera as a basis for analysis of supply and demand over a view longer than half a week. It is only necessary to remember the winter of 1985, when a similar bear queeze in the Brent market forced North Sea crudes above $31 a barrel. After that the sky fell in.

On that occasion the Brent market collapsed into a morass of litigation. This time around the majors, so anxious to prevent a disruption in what has become a reasonably well ordered market, could well decide to help the stranded traders out of their predicament.

With June Brent trading below $18, the market is saying that Opec is still on probation. But the Organisation does not appear to be discounting its crude oil sales below official prices. That is more important than any speculation that Opec production is creeping up again.

Currencies

Paris, Washington, Venice – a finance minister's lot would be a happy one but for the company he is forced to keep. As the representatives of the leading industrial nations start the latest round of talks in the second of those cities, the foreign exchange markets are looking for a rather stronger line on the dollar than emerged from the Paris meeting. The triumph there was the simple acknowledgement that current parities were about right and should be held fairly steady. That was enough to stop the dollar slide for a bit. But lately currency dealers have been getting distinctly restless as the dollar has again proved easier to push down than they would like. While the markets were quiet yesterday ahead of the summit, a bland communique afterwards would be the signal to sell the dollar again, this time for the D-Mark rather than the yen which has borne the brunt so far.

No doubt the participants want to get away with saying as little as possible on currencies keeping the Paris agreement going for a while longer, and concentrating on trade. Yesterday's positioning remarks, aside from Italy's delicate return to the fold, tied no-one's hands. And Federal Reserve chairman Paul Volcker's Congressional evidence could be called in support of virtually any side of the argument. At least he recognised – as everyone outside the US already has – that simply letting the dollar collapse will not sort out the US trade deficit. As for the budget deficit, reduction is an admirable aim but there has been precious little evidence of achievement yet.

Courage

Welcome to the tertiary market in companies. Lord Hanson is the eminence noire of the now well established secondary market in pks, and the sale of Courage, out of Imperial, to Elders IXL was just the largest example. Now Mr John Elliott is planning to sell off the Courage properties within months of acquisition.

The proposed flotation is no more than a novel sale and leaseback, with the intention of retiring the debt associated with Courage, while still preserving the tie by retaining a substantial stake in the demerged vehicle.

It remains to be seen how attractive the market will find a property company with a complete exposure to a single form of retailing. But at least the British Government has blazed the trail of arousing private investor enthusiasm for seemingly stodgy equities.

Creditors plan tough stance on Brazil debt

By Philip Stephens
In Washington

GOVERNMENTS of the major industrial nations indicated yesterday that they would take a firm line against Brazil's attempts to secure additional official help to relieve its $104bn debt burden.

A senior US Treasury official, speaking to journalists ahead of today's meeting at the International Monetary Fund and World Bank, said that there was no prospect of additional assistance for Brazil until the country's Government produced "a credible plan for the restoration of its economy."

Mr Dilson Funaro, Brazil's Finance Minister, is due in Washington today after holding informal talks in New York yesterday, on the rescheduling of commercial bank loans to Brazil. In February the country indefinitely suspended interim payments on $68bn of its medium-term and long-term loans.

Mr Funaro has insisted that there must be a political solution to the country's debt problems, with an additional $20bn in new loans over the next five years to allow it to meet a target economic growth rate of 7 per cent per year.

Elders IXL to spin off British pubs chain for up to £1bn

BY LISA WOOD AND TERRY POVEY IN LONDON

ELDERS IXL, the Australian brewing, financial services and pastoral group, is planning to spin off its chain of 5,000 Courage public houses, which may be worth up to £1bn ($1.6bn). Courage, Britain's sixth largest brewer, was acquired by Elders last year from Hanson Trust for £1.4bn.

The scheme, one of the biggest share sales outside the UK Government's privatisation programme, would be to dispose of the public houses through a public flotation in which Elders could retain a stake of about a third.

Such a move would be a radical break with tradition in the British brewing industry, where the majority of brewers sell most of their beer through their own public houses, called the tied estate.

An investigation into this arrangement is currently being made by the UK Monopolies and Mergers Commission. However, Mr Stuart Kelso, Elders executive director of strategy, said the move had nothing to do with the tie or any possibility that it could be broken.

Mr Kelso said: "Our management philosophy is not to have money tied up in property when there are alternative ways of investing that money." In its abortive bid for Allies Lyons, the British food and drink group, Elders had floated the idea that tenants could take an equity stake of up to 50 per cent in their public houses.

The scheme has proved more difficult to implement than Elders envisaged and is being supplanted by the proposal to float off a property company.

A possible break-up, should the business be valued at £1bn, would be that some £400m would be offered to major institutions as debenture stock and £150m as deferred ordinary shares, which Elders would keep. Some £300m would be in the form of ordinary shares and £150m in convertible stock.

Elders said yesterday that no final decision had yet been taken on whether to proceed and details were still being worked out. Institutions had not yet been approached. Elders also appeared confident as to how it would continue to sell Courage beers, which include John Smiths and Hofmeister, in the 5,000 public houses, should the flotation be successful.

Elders has not said what it would do with the cash raised by the flotation or whether it would be used to pay off debt or make other investments, including takeovers.

The earliest date for the flotation would be June but Elders said there was no urgency. In February the group made a A$875m ($622m) rights issue. In addition it holds a stake of about 20 per cent in Broken Hill Proprietary, Australia's largest company, a stake it could sell at a profit.

In the year to October 1986 Courage made a pre-tax profit of £122m. This was broken down by Hoare Govett, who are the proposed brokers to the new issue, as wholesale brewing £62m, managed houses £39m, wines, spirits and off-licences, £6.5m and property disposals £14.5m.

Profits for 1986/87 have been forecast by analysts at up £137m.

Elders has an aggressive strategy to develop its Foster's lager brand to be sold worldwide. It recently paid C$392m ($300m) for a controlling interest in Carling O'Keefe, the Canadian brewer, as part of this strategy.

See Lex

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	18	64	Dubrovnik	S	15	59	Malta	S	23	73	Rhodes	S	18	64
Algiers	-	—	—	Edinburgh	Fg	5	41	Manchester	R	8	46	Rio de J'o	C	25	77
Amsterdam	R	15	59	Faro	C	17	63	Manila	S	36	97	Rome	S	18	64
Athens	S	22	72	Florence	F	18	66	Melbourne	C	17	63	Salzburg	S	18	64
Bahrain	S	26	79	Frankfurt	F	18	64	Mexico City	S	28	82	San Francisco	S	12	54
Bangkok	S	35	95	Funchal	F	21	70	Miami	S	15	59	Seoul	S	16	61
Barcelona	C	15	59	Geneva	S	14	57	Milan	S	17	63	Singapore	R	31	88
Beirut	S	25	77	Gibraltar	S	19	66	Montreal	C	7	45	Stockholm	C	8	46
Belfast	F	10	50	Glasgow	C	6	43	Moscow	C	5	41	Strasbourg	F	19	66
Belgrade	S	20	68	Guernsey	C	9	48	Munich	S	17	63	Sydney	F	29	84
Berlin	S	15	59	Helsinki	F	-4	25	Nairobi	C	21	70	Taipei	R	25	77
Biarritz	C	13	55	H. Kong	R	21	70	Naples	F	20	68	Tangier	F	20	68
Bombay	S	25	77	Innsbruck	F	17	63	Nassau	S	24	75	Tel Aviv	S	24	75
Bordeaux	R	12	54	Inverness	C	7	45	New Delhi	S	24	75	Tenerife	F	24	75
Brussels	C	14	57	Islamabad	C	30	86	New York	C	8	46	Tokyo	R	12	54
Budapest	C	14	57	Istanbul	R	15	59	Nice	C	14	57	Toronto	C	7	45
B. Aires	C	27	80	Jakarta	R	33	91	Nicosia	S	20	68	Tunis	S	24	75
Cairo	S	27	81	Jersey	C	12	54	Oporto	C	14	57	Valencia	C	24	75
Cape Town	C	20	68	Jo'burg	F	28	82	Oslo	C	12	54	Venice	F	14	57
Caracas	C	29	84	Lima	S	25	77	Paris	F	17	63	Vienna	S	15	59
Casablanca	-	—	—	Lisbon	R	16	61	Peking	S	21	70	Warsaw	F	10	50
Chicago	S	3	37	London	C	13	55	Prague	S	16	61	Washington	F	8	46
Cologne	C	17	63	Los Angeles	S	24	75	Reykjavik	C	4	39	Zurich	S	19	66
Copenhagen	F	7	45	Luxembourg	C	14	57								
Corfu	S	23	73	Madrid	C	16	61								
Dallas	-	—	—	Majorca	-	—	—								
Dublin	-	—	—	Malaga	-	—	—								

Readings at mid-day yesterday.
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Refugees flee Chatila

Continued from Page 1

standing. Doctor (Chris) Giannou had to use dettol and salt and water to clean up wounds because he ran out of medications," Omar said as he spoke under a shabby staircase far away from suspecting militiamen. Some Amal fighters, more compassionate than others, led children by the hand as they wandered forlornly out of the camp

"The women tried to comfort us when we cried and promised the siege would be over soon," Omar recalled.

Women, some weeping with joy, others trembling with expectation, pleaded with fighters to find relatives inside.

A little girl, Roulla Ahmed Mustafa, 8, stared in shock as a Lebanese sixth brigade soldier led her into a group of women. Roulla said both her parents were killed by a shell during the Israeli invasion of 1982 and she was now living with her grandparents who were too ill and old to walk out of Chatila.

A sixth brigade soldier said he had been fighting for four months and wanted the Palestinians to leave now. "We are bored with the Palestinians. We don't want them here," he said. Within seconds Syrians walked into the camp as Amal fighters whistled and cheered.

An old shrivelled woman, Fatmeh Ibrahim, collapsing with weakness, tried to push her way through the soldiers. She was hard of hearing and had not realised that the siege was over. "I just want to go buy two candles," she pleaded.

Japan says imports are up

Continued from Page 1

lecommunications policies of their own.

Mr Howard told the Minister that he "was sure he (Mr Karasawa) did not want to be responsible for an abrupt deterioration in the trading relations of our countries which would have had widespread reverberations elsewhere in the world."

In addition to Mr Karasawa, Mr Howard met with Mr Tadashi Kuranari, Japan's Foreign Minister, top officials at the Ministry of International Trade and Industry, and executives at Nomura Securities.

Mr Howard is also pressing Japan to admit more foreign securities companies to the Tokyo Stock Exchange.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Wednesday April 8 1987

Nixdorf predicts further growth as earnings jump

BY ANDREW FISHER IN FRANKFURT

NIXDORF COMPUTER expects further rapid growth this year after raising net income by 20 per cent in 1986 to DM 222m ($121m), Mr Klaus Luft, chairman of the West German company, said yesterday.

He forecast another double-digit percentage growth rate in profits for 1987 and said turnover – up by 15 per cent to DM 4.5bn last year – should double in the next four to five years.

Mr Luft, who succeeded as chairman on the death of Mr Heinz Nixdorf, the founder, a year ago, said the company had invested heavily last year and also grown faster than the industry average.

At the end of 1986, Nixdorf's orders-in-hand were 13 per cent higher than the year before at DM 4.43bn. However, the sharp rise in the D-mark, especially against the dollar, held down sales and order growth in German currency terms. But for this, sales would have jumped by 21 per cent.

Nixdorf, which provides computer systems and software to the retail, banking, insurance, and industrial sectors, is holding its dividend at DM 10 a share, with a DM 2.50 payment for the shares issued during last October's rights issue.

Mr Luft said the Paderborn-based company's policy was to strike a balance between rewarding shareholders and securing Nixdorf's long-term future through continued high investment. Earnings per share were DM 22.10 (DM 19), allowing for increased shares capital.

Capital spending rose by 18 per cent to DM 646m, with growth expected to be less steep in 1987. Research and development spending went up by 11 per cent to DM 427, or 9 per cent of turnover.

The company raised worldwide employment in 1986 by 10 per cent to 25,580 of which 17,150 were in Germany. Its trainee numbers have risen by 11 per cent to around 2,000. In the first quarter of 1987, it added 1,000 more jobs.

Mr Arno Bohn, vice-chairman and marketing director, said Nixdorf hoped form more large retail store orders in the US, after winning a $100m contract last summer to install computers in stores owned by Montgomery Ward.

The company has just won a DM 300m order for terminals from the Federal Labour Office in Nuremberg – its biggest contract. It has also obtained an order from Volkswagen for factory automation systems. It did not give the size, but Mr Luft said it could eventually run into "several hundred millions" (of D-Marks).

Just over half of Nixdorf's business last year was in Germany, where sales rose by 22 per cent. Foreign turnover was 8 per cent higher in D-Mark terms. Lately, the company has been moving more into telecommunications, now its fastest growth area.

Mr Luft said Nixdorf had no plans to raise further share capital this year but would ask shareholders' approval for increases in authorised capital to cover later share and bond issues.

Olivetti profits up 9% after acquisition

By Alan Friedman in Milan

OLIVETTI, the Italian office automation concern which is the biggest European-owned company in the sector, made a 1986 consolidated group net profit of around L550bn ($423m), an increase of 9.2 per cent on the group net profit recorded in 1985.

The preliminary Olivetti result for last year was announced yesterday by Mr Carlo De Benedetti, the chairman, to 300 or so institutional investors and financial analysts in Milan.

Mr De Benedetti said that, with revenues from the recently acquired Triumph-Adler included in Olivetti's consolidated group turnover, the total for last year came to L7,300bn ($5.6bn), up 19 per cent on 1985.

With Triumph-Adler's turnover stripped out, Olivetti's 1986 turnover was virtually unchanged on the previous year. Olivetti turnover would have been around L200bn higher, however, had it not been for the weakness of the US dollar against the lira.

The Olivetti chief said that Triumph-Adler's 1986 losses of around DM 300m had been "covered" entirely by Volkswagen, which last April sold the office equipment subsidiary to Olivetti. For the current year, a special fund had already been set aside for Triumph-Adler's deficit.

Mr De Benedetti, who spent 90 minutes describing the plans of his Cofide and CIR master holding companies, also made the following announcements

- Mediobanca, the Milan merchant bank, has acquired a 2.5 per cent shareholding in Cofide directly from Mr De Benedetti, paying around L20bn. This was described as "a sign of friendship and esteem."
- Cofide, through Societe Financiere de Geneva, a Swiss investment company, has paid £4.3m ($6.9m) to acquire 4.9 per cent of Brown Shipley, the London merchant bank.
- Mr De Benedetti plans soon to launch his first-ever holding company in Madrid, which will be modelled on CIR in Milan and Cerus in Paris. The new venture is expected to be the start of a policy of making acquisitions in Spain.
- Cofide's Latina insurance subsidiary has acquired 37 per cent of Intercontinentale, the cash-rich Italian insurance company thought to have been acquired by Gemina, the Milan-based vehicle effectively controlled by Fiat.

"No, Gemina does not control Intercontinentale," Mr De Benedetti said. Despite these remarks, Gemina last night insisted it already had 54 per cent of Intercontinentale.

- Cofide's Buitoni subsidiary will continue to appeal the Rome court decision which has blocked the sale of SME, the state foods group.

Mr De Benedetti also said he was "pleased to see" that IBM's new clone-proof line of computers included a "copy" of Olivetti's own M-24 microprocessing unit.

He unveiled a L14bn net profit for Cofide in the second six months of last year, against L9.2bn net for the whole of Cofide's year to last June.

Mr De Benedetti said that if all of the companies controlled by Cofide including Olivetti, Valeo and others) were added up, then they would have an "aggregate" turnover of L12,000bn, 71 per cent of total sales outside of Italy, some 99,000 employees, shareholders' funds of L6,800bn and combined net profits of L700bn. Such an aggregation, he explained, was hypothetical.

FRENCH CHEMICALS GROUP PRESSES FOR EARLY PRIVATISATION

Rhône-Poulenc to post slight decline

BY PAUL BETTS AND GEORGE GRAHAM IN PARIS

RHÔNE-POULENC, the French state-owned chemicals group, will report this week consolidated, net group earnings of FFr 2bn ($307m) for 1986 compared with profits of FFr 2.1bn ($323m) the year before.

However, last year's earnings will include substantially higher provisions for restructuring operations totalling FFr 1.7bn, double the FFr 850m provisions made the year before.

Group sales last year totalled about FFr 52.5bn and were about 6 per cent lower than the previous year. The company expects sales to increase to FFr 58bn this year after its $575m acquisition last year of the agrochemical assets of Union Carbide.

The French chemicals group is actively campaigning for early privatisation and its chairman, Mr Jean-René Fourtou, left, has been pressing the French Government to include the group in the next round of flotations. His approach is to divest the group of non-strategic business while reinforcing its presence in its core industrial sectors.

The French chemicals group, which expects profits to increase this year, is actively campaigning for early privatisation. Mr Jean-Rene Fourtou, chairman of Rhône-Poulenc, has been pressing the French Finance Ministry to include his group in the next wave of privatisation.

With 75 per cent of its turnover outside France and with profits now restored to a solid level, Rhône-Poulenc argues that it should be the next industrial group to be privatised after Compagnie Generale d'Electricité (CGE), due to be floated around May 11.

In particular, Rhône-Poulenc is seeking the financial and industrial flexibility which privatisation would give it to compete in the fast-moving international chemicals industry. After making a total of FFr 5.5bn worth of acquisitions last year, including the Union Carbide deal and the purchase of the West German pharmaceutical group Nattermann, Rhône-Poulenc – like other leading European chemicals groups – is examining the possibility of bidding for part of the assets of Stauffer of the US which Unilever plans to shed.

Rhône-Poulenc's heavy provisions last year cover in part the cost of the group's withdrawal from the textile business to concentrate on its core fibres and chemicals activities. By the end of this year, Rhône-Poulenc will no longer have any more downstream textile operations, which have been the source of heavy losses in recent years.

At the same time, Rhône-Poulenc expects to have completed two-thirds of the integration of the Union Carbide Agrochemical assets – which include Bohpal – by the end of June. All the Union Carbide operations are being merged with Rhône-Poulenc's and will involve more than a 1,000 job cuts from both sides.

The Union Carbide operations acquired by Rhône-Poulenc employed about 3,600 people for annual sales of about $450m.

Rhône-Poulenc expects the Union Carbide assets to become net cash generators from next year after allowing for the cost of financing the purchase and restructuring.

The overall FFr 1.7bn restructuring provisions for 1986 are expected by the company to yield cost savings of around FFr 500m a year after the restructuring programme has been completed over the next three years.

Besides the new acquisitions, Rhône-Poulenc increased its industrial investments to around FFr 4.6bn last year from FFr 3.9bn the year before. Industrial investments are expected to total about FFr 5bn this year.

Although the group appears confident that performance will improve this year, it is nonetheless concerned by the decline of the US dollar, the increase in raw material prices, less buoyant earnings from Brazil and higher tax charges.

Rhône-Poulenc estimates that a 10 centimes fall in the dollar-franc exchange rate represents a loss of up to FFr 100m in current earnings. However, the negative effect of the lower dollar is partly offset by the group's US-based operations which now generate total annual sales of about $1bn.

Mr Fourtou's strategy is to divest Rhône-Poulenc of non-strategic business while reinforcing the group's presence in its core industrial sectors. At the same time, the chairman of the French chemicals group is also anxious to be privatised quickly because Rhône-Poulenc has already issued as much non-voting equity as French state groups are entitled to under the law.

First Boston angry at BP criticism

By William Hall in New York

FIRST BOSTON, the New York investment bank, has reacted angrily to allegations that its conclusions on the "inadequacy" of the BP offer for Standard Oil are "ill-founded and incorrect."

The bank is advising the independent directors of Standard Oil on BP's $70-a-share cash tender offer for the minority of the shares it does not own.

The US bank, which has advised several of the major players in recent takeover battles in the US oil industry, noted in a brief statement that the comments of BP and Goldman Sachs, its adviser, were "premature and clearly designed to condition the market."

It said that its report was made after "exhaustive work by a 23-man team, including hundreds of pages of analysis submitted to the special committee of Standard Oil".

BP and Goldman Sachs said earlier this week that First Boston's conclusion that Standard Oil was worth "at least $85 per share" was incorrect." BP stated that it and Goldman Sachs believe that significant areas of First Boston's analysis are "seriously flawed and based in key respects on unrealistic assumptions."

The BP team, for example, says that First Boston's oil price scenarios "bear little relationship to either current oil prices or, when combined with First Boston's assumed discount rates, those prices currently projected for the future by purchasers of large oil and gas properties.

First Boston says that it had checked its factual assumptions with Standard Oil management and the BP team comments "contained errors as to our assumptions and failed to address the major points of our analysis.

"The key point is that our report was based on Standard Oil data and discussions with management which were not available to BP's advisers."

First Boston concluded that "they have hardly had time to review our report and still don't have the data to correct theirs."

Standard Oil shares, which have been trading at a premium since BP announced its bid on April 1, rose by $⅝ to $71¼ on early trading yesterday.

CBS to pay $4m to deposed chairman

BY JAMES BUCHAN IN NEW YORK

CBS, the US broadcasting and entertainment group which is in the middle of a management upheaval, is to pay over $4m in lump-sum payments and an annuity of $400,000 to its former chairman, Mr Thomas Wyman, who was deposed in a boardroom coup last September.

The settlement, which is generous even by the standards of the US entertainment industry, is likely further to cool Wall Street's early enthusiasm for the management that ousted Mr Wyman.

Mr Larry Tisch, the New York financier who staged the coup with Mr William Paley, the venerable founder of the company has run into a storm of criticism from journalists for his attempts to cut costs in the network's flagship news operation. A group of screen writers is on strike and the company faces tough negotiations with other unions.

According to a proxy statement filed by CBS, the settlement allows Mr Wyman to collect over $1m in salary and bonuses for last year, a special $555,756 bonus payment and $3.8m in 10 annual instalments or a $2.8bn lump sum next January. Mr Wyman, whose record as chairman since 1983 is regarded on Wall Street as mixed, will also receive $400,000 a year for life, apparently to compensate him for foregoing certain stock options.

While Mr Wyman successfully divested CBS of some unprofitable operations and resisted a humiliating takeover bid from Turner Broadcasting, he was blamed for uninspiring or expensive diversifications. Last year, operating earnings were flat at $189.8m, with CBS struggling to maintain advertising revenue and its place in the prime-time market.

"This will be thrown back in their faces," Mr Peter Appert, an analyst at Cyrus J. Lawrence. "The settlement will probably make their task harder in negotiating with the labour unions," he said.

Lower gold prices hit GFSA revenues

BY JIM JONES IN JOHANNESBURG

LOWER rand-denominated gold prices in the latest quarter to March reduced overall revenues and profits at the seven gold mines managed by Gold Fields of South Africa (GFSA), even though most increased their recovery grades.

GFSA is normally the first of the South African mining houses to report quarterly mine results, which are taken as indicators of industry performance.

The group milled 3.74m tonnes of ore at an average recovery grade of 8.3 grams per tonne (g/t) in the March quarter against 3.72m tonnes grading 8.1 g/t in the December quarter of last year. Although gold production increased to 30,865 kg from 30,326 kg, gold sales revenue fell to R846.1m ($416.9m) from R907.4m and the seven mines' combined after-tax profit fell to R264.3m from R301m.

Kloof and Driefontein Consolidated, South Africa's two richest gold mines, recovered from difficulties which had affected the December quarter's results.

Kloof returned to its full quarterly milling rate of 540,000 tonnes after a fall to 517,000 tonnes in the previous three months because of underground fires. Reduced seismic problems allowed Drie Cons to resume mining of high-grade ore in its western section, and its overall gold recovery grade increased to 10.7 g/t from 10.6 g/t.

Libanon also increased its recovery grade to 5.0 g/t from 4.6 g/t while the grade declined to 5.7 g/t from 5.9 g/t at Doornfontein.

Moulinex founder names 'successor'

BY OUR PARIS STAFF

MR JEAN MANTELET, the founder and principal shareholder of the French kitchen appliance company Moulinex, appears at last to have designated his successor at the head of the company.

Mr Mantelet, who created Moulinex on the base of his invention of the Mouli vegetable mill, has named Mr Roland Darnaud as managing director of the loss-making group.

Mr Darnaud, Moulinex's industrial director, has formed part of the triumvirate which has run the company in recent years.

His appointment appears to put an end to speculation about the succession to Mr Mantelet, who is now 86 but has remained chairman and managing director.

Bankers in Paris fear, however, that it does not solve Moulinex's long-term structural difficulties.

Moulinex has plunged into the red in recent years, and is expected to have recorded losses of over FFr 200m ($33.3m).

Some overseas investors believe the company has now carried out the restructuring needed and can in future show improved profits on its main new product line of microwave ovens.

Dresdner offers unchanged payout

AN UNCHANGED dividend of DM 12 ($6.6) a share, together with a bonus issue of shares will be proposed at the shareholders' meeting of Dresdner Bank, Reuters reports from Frankfurt. The share issue will be on a one-for-18 basis.

The West German bank, which is holding its annual meeting on May 21, is expected to report full-year results later this week.

Duffour to decide on rival offers

BY OUR PARIS STAFF

THE TAKEOVER battle for Duffour et Igon, the French industrial gases group, heated up yesterday as the company decided which of its rival suitors to back.

The board's decision has been sent to the Commission des Operations de la Bourse (COB), which will publish it tomorrow together with Duffour's 1986 results.

Full-year profits were slightly lower than 1985's FFr 16m ($2.64m) but the result was significantly better than the 35 per cent drop recorded in 1986's first half profits.

Paris brokers gave the edge yesterday to the FFr 2,205-a-share offer of Carburos Metalicos, which already owns a 15 per cent stake and, as a result of an earlier agreement, is promised a further 7 per cent of Duffour belonging to the company's other major shareholder, the regional development institution IRDI-Midi-Pyrenees.

Union Carbide, which opened the battle with a bid of FFr 2,100 a share, said yesterday that it was in the process of evaluating what to do next.

Other bidders have been reported to be lurking in the rings, including Linde of West Germany

GenCorp tender ended

GENERAL PARTNERS, a partnership of AFG Industries Inc and Wagner and Brown, said it is ending a $2.3bn tender offer for GenCorp as a result of GenCorp's move yesterday to fend off the takeover by offering to spend $1.6bn to buy back more than half of its stock, Reuter reports from New York.

GenCorp, based in Akron, Ohio, offered $130 a share for the buyback of more than half of its stock, $30 more than General Partners offer. GenCorp also said it will sell its tyre and soft drink bottling operations and other units to concentrate on the aerospace and automotive businesses.

General Acquisition Inc, a subsidiary of General Partners, said in a statement that without the benefit of additional information available to GenCorp's management, it cannot compete economically with GenCorp's proposal.

General said it will promptly return to tendering shareholders all shares tendered pursuant to its offer.

Belgian cement concern advances

By William Dawkins in Brussels

CIMENTIERIES CBR, the construction materials subsidiary of Societe Generale de Belgique reported a 28 per cent rise in net earnings for 1986.

The company which recently paid C$452m ($328.9m) for the cement activities of the Canadian group, Genstar, boosted its profits from BFr 542m ($14.4m) in 1985 to BFr 695m ($18.4m) last year. That was after adjusting for an extraordinary gain from the sale of Genstar shares in December 1985. The results include write-downs of BFr 287m on CBR's holdings in its troubled Dutch and French subsidiaries, Ideba and IB Morin.

CBR said yesterday that results from the North American division during the first five months to last December it spent under the Belgian company's control were "satisfactory and in accordance with the forecast made before the acquisition."

Consolidated earnings rose to BFr 1.89bn last year, while consolidated sales advanced from BFr 30.1bn to BFr 30.3bn including BFr 7.5bn from the North American subsidiary.

Pilots bid for United Airlines

BY ANATOLE KALETSKY IN NEW YORK

THE PILOTS' union at United Airlines, the second largest US air carrier, has offered to buy the airline for $4.5bn, as reported in brief yesterday. The proposal, which was not backed up by details of financing arrangements, was initially dismissed by airline analysts as a publicity stunt, but heightened Wall Street's hopes of flushing out another bidder for Allegis Corporation, United's parent company.

Allegis, which owns Hertz car rentals and Westin Hotels as well as United Airlines, has been the subject of intensifying takeover speculation recently – largely because of unfavorable stock market reaction to its decision to buy Hilton International Hotels for $975m last December.

Investor concern about the company's expansion beyond the airline business was underlined soon afterwards when its name was changed from UAL to Allegis. The name change was designed to symbolise the management's strategy of diversifying across the whole spectrum of travel services.

This strategy also acted as a further irritant in the already strained relationship between the management and the airline trade unions.

The pilots' offer to buy the airline is the latest in a series of such moves airline unions have made against hostile managements.

Only once, when the unions backed the offer made for TWA by Mr Carl Icahn, did their efforts meet any success. In other cases the unions have tried to bid on their own for Eastern Airlines and Pan American World Airways but have had little impact.

In this case, however, investors' hopes that Allegis might be taken over and broken up into its component parts were given substance two weeks ago when Mr Donald Trump, the New York property magnate and corporate raider, said he had bought "just under" 5 per cent of the company's stock.

Mr Trump would probably be interested only in the company's hotel properties

If a potential bidder for the airline assets could win over the pilot unions, the credibility of any takeover or breakup proposal could be substantially increased.

Moller shipping profits drop

BY HILARY BARNES IN COPENHAGEN

GROSS OPERATING profits in the AP Moller shipping partnership fell last year to DKr 1.18bn ($173m) from DKr 1.65bn and earnings after ordinary depreciation dropped to DKr 204m, from DKr 530m in 1985.

The decline was attributed to increasingly tough competition and the fall in the dollar's value.

However, the partnership invested DKr 2.7bn in vessels, drilling rigs and containers, of which DKr 1.4bn concerned long-term charters with purchase options.

The APM shipping interests, which operate under the Maerk name, recently strengthened their position in liner trade between Europe and the Far East by acquiring the sailing rights of Belgium's CMB and France's Chargeur Réunis in the Far East freight conference.

This added 7,200 container units to Maersk's capacity, taking its total capacity to well over 60,000 units.

Net profits in the shipping partnership, after taxes and allocations, were down from DKr 830m to DKr 704m. Total assets declined from DKr 18.4bn to DKr 18.3bn but equity capital and reserves increased from DKr 6.9bn to DKr 7.6bn.

In the oil and gas partnership, which operates in the Danish sector of the North Sea, gross operating profits were down from DKr 1.65bn to DKr 1.83bn and after ordinary depreciation from DKr 1.2bn to DKr 638m.

Net profits fell from DKr 124m to DKr 104m.

INTERNATIONAL CAPITAL MARKETS and COMPANIES

Nomura leads four issues in dollar and yen sectors

BY STEPHEN FIDLER

JAPANESE SECURITIES houses again dominated the primary sector of the Eurobond market yesterday, bringing to market a host of issues in dollars and yen.

"It's astounding the number of Japanese oriented issues that are coming to this market at what is a fairly sensitive time," said one syndicate manager, referring to the gathering trade dispute between Britain and Japan.

Reflecting its dominance of the first quarter new issue stastistics, Nomura International brought four of thebonds.

The largest was a five-year $200m equity warrants issue for Sharp, the consumer electronics manufacturer. The coupon was fixed at 2 per cent, and the exercise premium was set at the usual 2½ per cent.

The issue, like other Japanese warrants deals brought yesterday, had a roller coaster ride, illustrating the volatility of the the sector. Starting at a premium of about 3 points, it dropped to a discount of a similar amount, before ending the day inside its fees at a modest discount of around 1½.

Shewa Aluminium brought a $100m, five-year issue guaranteed by Fuji Bank, with the coupon indicated at 1½ per cent, and Nippon Shokubai Kagaku Kogyo, the chemicals company, indicated a similar coupon and maturity for its $80m deal.

Nomura's fourth deal was a Y60bn, even-year straight bond for Kansai Electric Power. The coupon was put at 4½ per cent and priced at 101.

Some $137m of the FRN has been repackaged into yen. Syndicate managers said the terms of the deal appeared reasonable, but the issue might suffer from investor resistance to synthetic securities.

Daiwa Europe brought two deals to market. A Y15bn, five-year straight bond issue for Italy's Banco Nazionale de Lavoro carries a coupon of 4½

INTERNATIONAL BONDS

per cent and an issue price of 101½, which some thought tight.

The other was an equity warrants deal for Zenchiku, Japan's largest meat dealer. The $40m five year issue carried an indicated coupon of 2½ per cent.

Nikko Securities (Europe) brought Finland's Postipankki to market for Y20bn of five-year paper with a coupon of 4½ per cent and an issue price of 102½.

Also in dollars, Brierley Investments, one of the corporate vehicles of Mr Ron Brierley, the New Zealand investor, issued $100m of five-year 8½ per cent bonds at par. The asset swap deal is the third for the borrower in six months, and it is widely felt a fourth issue might overtax the market's appetite.

In sterling, Genfinance Luxembourg, a subsidiary of Generale Bank, Belgium's largest bank, came with a £50m deal through Kleinwort Benson. It carries a seven-year maturity, 9½ per cent coupon and an issue price of 101½, and is aimed mainly an investors in the Low Countries, who have been recent buyers of sterling. The issue was not helped by the afternoon weakness in the UK government bond market however, and slipped to around less 2½ per cent.

Terms were fixed on the sterling convertible for Consolidated Goldfields, which was increased from £100m to £110m. The conversion price was set at £10.80, providing a 16 per cent premium over Monday's closing share price.

In the Australian dollar sector, Australian Industry Development Corporation made a A$30m zero coupon issue led by Orion Royal Bank. The five-year bonds were priced at 53½ to give a yield to maturity of 13.92 per cent annually after the fees after have been taken into account. The issue was well received.

In the European currency unit sector, Caisse Nationale des Autoroutes, the French state highway financing body made a Ecu 120m issued led by Credit Lyonnais. The eight-year deal has a coupon of 7½ per cent and price of 101½, and was bid at a discount equal to its fees.

In West Germany, bond prices were narrowly mixed amid some profit-taking in light volume. Similar conditions were seen in Switzerland.

French Government to pay off old debts

By George Graham in Paris

THE FRENCH Government plans to pay off some of its oldest debts, dating back in some cases to before the Second World War.

Seven bonds issued before 1950, including the 3 per cent and 5 per cent perpetual annuities, will be redeemed. A total of FFr 680m ($112m) of the seven bonds is still outstanding, mostly held by small investors.

The Finance Ministry said yesterday that the seven pre-1950 bonds were extremely costly to manage in relation to the small amounts still outstanding.

In addition, the composition of the bonds is highly complex, with different nominal values included in the same issue. This makes stock market quotations difficult and risky, the ministry said, and causes problems for holders who want to sell their bonds.

The French state last carried out a similar exercise to pay off these perpetual loans in 1958-59.

The Government of Mr Jacques Chirac is currently engaged in a policy of reducing the public sector debt, and plans to devote two-thirds of the receipts from its privatisation programme this year to debt repayments.

In all, the Government is expected to repay this year up to 8 per cent of its total outstanding debt of around FFr 525bn.

Stephen Fidler explains why Colombia's borrowings are costly

Dilemma of a good Latin American

THE COLOMBIAN Government might be forgiven for being cynical about market forces in the international loans market.

Colombia is one of only two borrowers in Latin America—Paraguay being the other—which has not rescheduled its debt in the crisis triggered by Mexico's August 1982 declaration that it could no longer service its foreign loans.

Despite formidable political and other problems such as the drugs trade, Colombia has managed to steer its economy more or less successfully through the troubles of recent years. It could boast a current account surplus last year, of a preliminary $530m, and a ratio of debt service to annual exports the lowest on the continent at 23 per cent.

Yet, when it borrows from international banks, it pays higher interest rates than the countries which are rescheduling.

Mexico is paying 13/16 per cent over London inter bank offered rates for its rescheduling and a new loan of $7.7bn, while Venezuela has secured ⅞ per cent.

Yet Colombia will be paying a 1½ per cent margin for the $50m floating rate note it launched this week. (Principal repayments on the seven-year note start after four years, giving it the structure and the market of a loan.)

"The market penalises the good borrowers," said Mr Mauricio Cabrera, Colombia's Director-General of Public Credit, who is in London this week talking to creditors.

It makes for difficulties in other ways, he says. Because Colombian loans are not traded at the deep discounts of other Latin American debt, bank creditors value their Colombian assets more highly and do not regard debt for equity swaps as attractive.

COLOMBIA'S EXTERNAL DEBT
US$m

	1982	1983	1984	1985	1986
Long-term					
Private	1,192	1,278	1,437	1,576	1,629
Public	6,078	6,958	8,090	9,432	10,867
Short-term					
Public	741	854	654	987	228
Private	621	474	439	444	502
Financial system	1,664	1,864	1,701	1,379	1,100
Total external debt	10,296	11,428	12,321	13,818	14,326
Public debt service	936	980	1,296	1,517	1,810
Debt service as % of exports*	17	22	26	27	23
Total debt as % of GDP	27	30	34	43	45

* Exports=Current Account receipts.

Source: Banco de la Republica

There have already been vigorous calls for rescheduling from political opponents to the Government of President Virgilio Barco. But Mr Cabrera says that, barring catastrophe such as earthquake, there is little chance of such a move, despite its superficial political attraction.

"The Government position is very clear on that issue," he says. "The gains that the country could make by rescheduling are in our view short term. What's important for us is to have the ability to raise money in the market from voluntary operations.

"We are convinced that in the long-term this strategy will pay and for that reason the Government is resisting the pressure for rescheduling and is strongly determined to service the debt."

Because 40 per cent of its debt is with multilateral lending agencies such as the World Bank and the Inter-American Development Bank, the average maturity of Colombia's debt is 12 to 13 years, longer than average.

The country is expected to swing into current account deficit this year, possibly over $1bn, partly because of a projected halving of earnings from its coffee exports.

Preliminary figures put exports at $2.97bn last year, compared with $1.71bn in 1985, but this year's figure is expected to fall to $1.42bn.

This year, Colombia expects to pay out $1bn to foreign creditors in interest on its $11bn in public debt (total foreign private debt amounts to about $3.3bn) and repay $1.25bn in principal.

Colombia aims to increase its foreign debt in line with inflation but reducing its importance as a proportion of the gross national product, now put at 45 per cent. The target for 1987 foreign investment is some $600m, compared with the preliminary 1986 estimate of $690m.

Gross credits needed this year amount to some $2bn, with net disbursements of around $600m-$700m. The Government had by the end 1986 arranged $4.5bn of credits signed but not disbursed, and of this $1.4bn will be drawn this year.

Apart from the FRN through Citicorp Investment Bank announced this week, Fuji Bank and Samuel Montagu are arranging an $86m credit for the state electricity utility, ISA.

This loan, an IADB co-financing, is over 10 years with four years' grace, and carries interest at 1½ point over London interbank offered rates for four years and a spread of 1½ points after that. The utility itself will provide $100m and the IADB some $115m for the programme.

The third deal will be another capital market operation of about $60m, perhaps a floating rate note, a fixed-rate eurobond or a yen financing in Japan similar to the one it arranged last year.

It will also come to market, probably at the beginning of the second half of this year, for a $200m loan, part of a big $1.3bn co-financing project for the country's electrical sector with the World Bank, IADB and the Japanese Exim Bank. Some $100m of the bank financing should be drawn this year.

Pakistan agency raises Y3bn

THE NATIONAL Development Finance Corporation of Pakistan has raised Y3bn through a private placement in the Japanese market, Reuter reports from Hong Kong.

Daiwa Securities, which is arranging the issue, said the seven-year *Shibosai* placement in the Tokyo domestic market carries a 6.9 per cent interest rate. No other details were available.

Dome in Credit Suisse talks

REPRESENTATIVES of Dome Petroleum, the troubled Canadian energy group, are conducting "informal discussions" with Credit Suisse over the company's refinancing plan, AP-DJ reports from Zurich.

Credit Suisse is one of 56 Dome creditors discussing ways to refinance C$6bn (US$4.6bn) of bank debt. Credit Suisse said that executives from the two sides plan a further meeting on Thursday in London, but declined to elaborate.

Meanwhile, a lawsuit filed by four Swiss investors who are attempting to force Dome to make good on a total of SFr 120,000 (US$79,000) in unsecured notes they hold is dragging on before a Zurich court.

No hearings have been scheduled for the case for the next month, court officials have confirmed.

Belgium plans Euro paper programme

By Alexander Nicoll, Euromarkets Editor

BELGIUM, ONE of the most active borrowers in the Euromarkets, is to replace some of its short-term bank borrowings through a Euro-commercial paper programme of unlimited size. It is expected to get under way within the next two months.

The kingdom has appointed five dealers for the programme, which has been in preparation for some months. They are First Chicago, Chase Investment Bank, Citicorp Investment Bank, Salomon Brothers International and Swiss Bank Corporation International.

Officials said yesterday that dealers would be expected to place paper firmly with end-investors and that the borrower was not keen to have its paper traded in the secondary market. Belgium's aim was to obtain money at the lowest possible rates, and if its goals were being achieved it could be an active issuer.

Belgium's approach to the short-term markets follows an active programme of refinancing longer term debt, now virtually complete.

Japan to regulate mortgage securities

BY YOKO SHIBATA IN TOKYO

THE JAPANESE Ministry of Finance hopes to finish work early next month on a Bill that would regulate companies selling mortgage-backed securities. The intention is to provide better protection for investors from unscrupulous dealers.

The draft Bill, expected to be submitted to the current session of the Diet (parliament), will attempt to stamp out undesirable companies by introducing a registration system. It will set criteria for capital, net assets and other financial standards that will have to be met before registration.

The Bill will also propose the establishment of an organisation which would hold the underlying mortgage deeds in safe custody and issue deposit receipts—an arrangement intended to prevent fraudulent dealers from marketing securities not backed by a proper mortgage certificate or in excess of the face value of the original mortgage.

The securities covered by the proposed Bill are those backed by a mortgage on assets, such as land or buildings, which a mortgage company has accepted as collateral for a loan in the form of interest-bearing certificates.

The mortgage certificates are offered to investors by the mortgage company, which obtains the deeds to the property from the Justice Ministry's land registration office. It then splits the deeds into small denominations of Y500,000 to Y1m so as to attract individual investors.

Since interest rates on the certificates are not subject to official ceilings, they can offer yields that are considerably higher than those from bank deposits; three-year mortgage-backed securities are currently paying around 6 per cent.

Interest income from mortgage certificates is also tax-exempt so long as it does not exceed Y200,000. This combination of tax-exempt status and high yields has ensured that mortgage-backed securities have gained great popularity among *Zaitech* (literally, "financial technology")-orientated Japanese individuals.

However, the business has been plagued by fraudulent dealers, either offering "empty" certificates without real property backing, or else providing investors with purported mortgage certificates with a total value exceeding the appraised value

Companies seek a say in Tokyo CP conditions

THE JAPAN Foreign Trade Council yesterday urged the Government to take into consideration opinions of corporations in fixing issuing terms of commercial paper, Kyodo reports from Tokyo.

The Ministry of Finance is expected to allow the issue of the new financial instrument this autumn.

The council, composed of 57 Japanese trading houses, said the forthcoming CP market should be open, where everybody can take part.

The credibility of CP, it said, should be supported by credit rating agencies—hence the need for early establishment of a credit rating system in Japan.

As a temporary measure, in a transitionary period before such a rating system is set up, the outline should allow CP issuing at least by companies now eligible to float unsecured convertible bonds.

As to whether CP should be accompanied by any bank guarantee or not, this should be left to the discretion of the CP-issuing companies.

It is desirable to set the period and minimum issuing unit of the CP at below one year and Y10m ($68,500), but not to set restrictions on minimum or maximum issuance, the council said.

Such CP should be placed on the market both directly by corporations and indirectly through dealers such as banks and securities firms.

CP markets have been established abroad to provide corporations with opportunities to raise short-term funds independently, but no such market has yet appeared in Japan.

Issuing of CP by corporations in the domestic market has been the subject of a longstanding dispute between banks and securities firms.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.
Closing prices on April 7

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(DEUTSCHE MARK STRAIGHTS, SWISS FRANC STRAIGHTS, OTHER STRAIGHTS, FLOATING RATE NOTES, CONVERTIBLE BONDS: [illegible])

* No information available—previous day's price.
† Only one market maker supplied a price.

[illegible]

NATIONAL BANK OF CANADA

NOTICE TO THE NOTE HOLDERS OF 16½% DEPOSIT NOTES DUE MAY 15, 1988

Notice is hereby given that pursuant to the terms of the 16½% Deposit Notes, $6,000,000.00 principal amount of 16½% Deposit Notes has been drawn by lot by the undersigned on behalf of the Principal Paying Agent, for redemption, on the 15th May, 1987.

The said Deposit Notes so called for redemption will therefore be redeemed on the 15th day of May, 1987, at 100% of the principal amount so called, plus accrued and unpaid interest to the date of redemption if applicable, upon surrender of the said Deposit Notes with, thereto attached, all interest coupons, maturing May 15th, 1987, and thereafter at any of the following Paying Agents:

— National Bank of Canada, 535 Madison Avenue, New York 10022

— National Bank of Canada, Princes House, 95 Gresham Street, London EC2V 7LU

— Manufacturers Hanover Bank Luxembourg SA, 39 Boulevard Prince Henri, Luxembourg

Notice is hereby given that interest upon Deposit Notes so called for redemption shall cease to be payable from and after the said redemption date, namely the 15th day of May, 1987, and coupons for interest maturing after the said date, namely the 15th day of May 1987, shall be void.

The designating letter and numbers of the Deposit Notes so called for redemption are:

X0002	X0003	X0009	X0017	X0019	X0020	X0038	X0045	X0049	X0052
X0057	X0068	X0071	X0087	X0090	X0098	X0103	X0107	X0108	X0113
X0114	X0115	X0118	X0126	X0148	X0154	X0156	X0160	X0162	X0167
X0170	X0173	X0185	X0190	X0192	X0200	X0208	X0216	X0220	X0224
X0227	X0234	X0237	X0254	X0267	X0277	X0282	X0307	X0312	X0314
X0317	X0319	X0327	X0334	X0335	X0343	X0349	X0352	X0362	X0367
X0369	X0373	X0375	X0384	X0388	X0389	X0391	X0402	X0419	X0425
X0435	X0441	X0444	X0448	X0469	X0470	X0474	X0481	X0483	X0487
X0499	X0505	X0508	X0510	X0532	X0535	X0536	X0558	X0566	X0573
X0575	X0576	X0590	X0603	X0608	X0616	X0621	X0625	X0627	X0629
X0638	X0642	X0644	X0649	X0652	X0655	X0665	X0671	X0677	X0678
X0682	X0685	X0689	X0702	X0734	X0735	X0739	X0743	X0744	X0747
X0758	X0769	X0785	X0790	X0791	X0796	X0802	X0809	X0812	X0821
X0827	X0837	X0838	X0841	X0849	X0870	X0882	X0920	X0927	X0938
X0940	X0960	X0965	X0982	X0999	X1000	X1005	X1007	X1018	X1020
X1023	X1024	X1037	X1038	X1062	X1065	X1083	X1085	X1091	X1092
X1103	X1106	X1111	X1116	X1124	X1133	X1135	X1144	X1153	X1155
X1166	X1190	X1195	X1201	X1204	X1212	X1219	X1222	X1228	X1229
X1235	X1239	X1246	X1250	X1255	X1259	X1269	X1278	X1286	X1289
X1301	X1341	X1343	X1347	X1357	X1362	X1369	X1372	X1375	X1384
X1392	X1394	X1402	X1404	X1407	X1408	X1410	X1412	X1421	X1430
X1432	X1445	X1448	X1451	X1456	X1460	X1486	X1490	X1493	X1503
X1508	X1512	X1515	X1516	X1522	X1528	X1530	X1534	X1540	X1547
X1552	X1567	X1575	X1583	X1605	X1607	X1610	X1616	X1622	X1623
X1624	X1634	X1635	X1645	X1664	X1675	X1676	X1692	X1696	X1698
X1700	X1704	X1706	X1707	X1708	X1714	X1730	X1733	X1734	X1735
X1744	X1746	X1752	X1764	X1766	X1777	X1779	X1789	X1790	X1800
X1814	X1823	X1828	X1830	X1840	X1841	X1842	X1855	X1864	X1872
X1878	X1880	X1883	X1885	X1886	X1888	X1890	X1892	X1893	X1896
X1900	X1908	X1913	X1921	X1925	X1933	X1938	X1942	X1943	X1948
X1956	X1959	X1961	X1962	X1966	X1976	X1977	X1978	X1979	X1994
X2002	X2025	X2031	X2032	X2037	X2044	X2060	X2071	X2073	X2088
X2095	X2114	X2118	X2121	X2122	X2127	X2128	X2129	X2131	X2135
X2139	X2141	X2167	X2169	X2171	X2224	X2230	X2242	X2245	X2253
X2256	X2258	X2262	X2284	X2288	X2290	X2299	X2306	X2315	X2324
X2325	X2331	X2334	X2338	X2339	X2343	X2344	X2359	X2362	X2369
X2376	X2398	X2416	X2417	X2424	X2438	X2442	X2443	X2466	X2472
X2473	X2477	X2483	X2490	X2491	X2501	X2502	X2507	X2508	X2514
X2522	X2528	X2529	X2530	X2533	X2535	X2544	X2546	X2547	X2548
X2557	X2560	X2578	X2579	X2585	X2591	X2611	X2623	X2625	X2626
X2632	X2637	X2646	X2649	X2651	X2659	X2661	X2662	X2674	X2675
X2679	X2695	X2727	X2733	X2750	X2764	X2769	X2770	X2774	X2775
X2778	X2779	X2787	X2793	X2799	X2800	X2802	X2804	X2811	X2812
X2823	X2837	X2847	X2860	X2866	X2867	X2871	X2881	X2883	X2885
X2887	X2891	X2902	X2904	X2908	X2934	X2937	X2938	X2943	X2949
X2959	X2967	X2978	X2990	X2993	X2997	X2999	X3020	X3047	X3055
X3063	X3066	X3071	X3098	X3103	X3108	X3111	X3137	X3148	X3154
X3156	X3169	X3174	X3185	X3186	X3197	X3198	X3199	X3211	X3212
X3214	X3220	X3226	X3234	X3237	X3248	X3266	X3273	X3277	X3280
X3307	X3313	X3315	X3323	X3338	X3339	X3350	X3351	X3367	X3372
X3375	X3377	X3378	X3383	X3385	X3400	X3403	X3404	X3407	X3409
X3415	X3416	X3423	X3425	X3432	X3446	X3447	X3449	X3452	X3462
X3469	X3477	X3485	X3488	X3495	X3499	X3501	X3508	X3509	X3510
X3515	X3521	X3527	X3530	X3546	X3553	X3566	X3571	X3573	X3575
X3578	X3585	X3591	X3596	X3600	X3605	X3614	X3615	X3621	X3624
X3627	X3631	X3632	X3634	X3639	X3645	X3651	X3653	X3655	X3658
X3663	X3664	X3673	X3704	X3717	X3725	X3729	X3736	X3740	X3750
X3758	X3760	X3765	X3766	X3772	X3773	X3775	X3780	X3791	X3798
X3809	X3828	X3863	X3869	X3871	X3873	X3880	X3895	X3896	X3907
X3925	X3927	X3933	X3962	X3966	X3968	X3969	X3977	X3982	X3998

The principal amount of 16½% Deposit Notes outstanding after the said redemption date will be: US$13,000,000.

Manufacturers Hanover Limited
London as Drawing Agent

8th April, 1987

INTERNATIONAL COMPANIES and FINANCE

John Murray Brown, recently in Biak, on a venture in fish canning

Transpeche bucks the tuna trend

MR BERNARD FOREY, urbane in sneakers and Lacoste shirt, may not fit any usual picture of an old seadog. But this former French paratrooper is netting himself a unique position in one of the Pacific's richest fishing grounds, where tuna reserves outstrip by five times the world's annual 2m tonnes demand.

Transpeche, a company set up in 1982 on the tiny Indonesian island Biak, is poised to become the region's first fishing business with an onstream canning facility—processing its own monthly 1,500 tonnes catch, and the much larger landings bought from the distant-water fleets of Japan, Korea, Taiwan, the US and Soviet Union. The plant, due to come into operation in June, can process 25,000 tonnes annually, with initial turnover of $15m.

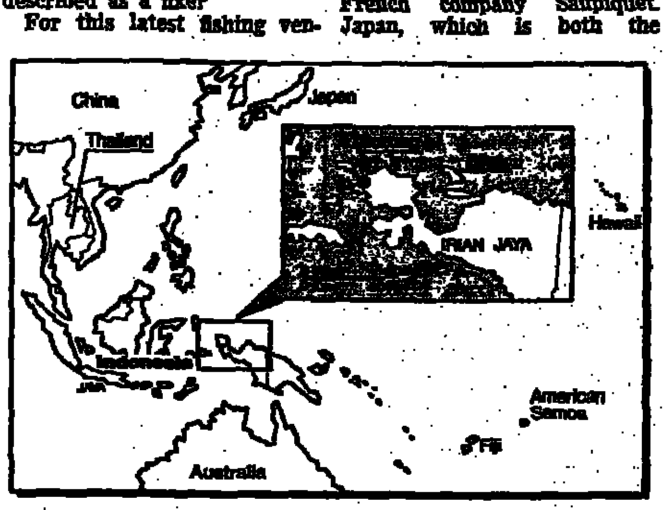
Some might call it foolhardy. Since 1982 the tuna industry has been in deep recession. In what is a labour intensive business, low prices have forced a major restructuring. The US, the world's leading canning nation, has closed all but one of its mainland facilities. Canneries in American Samoa are under pressure too, following legislation that all US employers pay a minimum wage of $3.35 a hour, putting an estimated $3.6m on cannery payrolls in the islands.

Processing plants in Hawaii and Fiji have already closed and even in Thailand, which enjoys low costs, companies face problems over quality deficiencies.

Mr Forey has an impressive track record as a frontiersman. After the war in IndoChina, he prospected for oil in Tunisia, Algeria and Chad. More recently he worked in plantations in Malaysia and Indonesia where he still has men scouring the forests for exotic flora from which to make a planned soft drink. A public works administrator by his own account, he might better be described as a fixer

For this latest fishing venture Mr Forey recruited a former French nuclear submarine commander and a director from Saupiquet, Europe's biggest canning company, and has persuaded Chambon of Marseilles, the French marine servicing company, to take a 65 per cent equity stake. To top it all he secured French Government approval with a $20m loan from Coface, the state insurance agency, for the purchase of seven French-built purse seiner vessels, all with freezer capacity, to fish the waters from the Indonesian Moluccas to Micronesia.

"The logic is simple," he says. "With prices as low as they are, only those fleets with their cannery close to the fishing grounds can hope to survive."



Traditionally, world tuna prices have been determined by a small number of large canning companies including Heinz and Starkist of the US, and the French company Saupiquet. Japan, which is both the world's largest producer and importer, has been considered a law unto itself, taking much of its fish raw

Transpeche formerly shipped its catch direct—the better quality yellow fin for the Japanese market and the skipjack to Thailand where it was canned and on-freighted to Europe or the US.

When the market collapsed, with prices tumbling from $1,000 a tonne in 1982 to less than $600 today, profit margins for fishermen and canners alike were severely squeezed.

The main saving Mr Forey believes is to be made on freight charges, which, despite falling oil prices, have remained high. For example, shipping raw fish to Thailand costs $100 a tonne. Of that about half is used, with 30 per cent water content and 20 per cent rejected.

Biak, Mr Forey says, also has many local advantages—a recently opened international air link; a safe harbour, important in an area prone to earthquakes; a ready supply of cheap labour; and easy access to fuel at the nearby Indonesian oil facility at Sorong.

As to likely competition, he is equally confident. "No Indonesian wants to live here and watch over a fleet which spends 300 days in the year at sea. Besides, the people with money prefer to speculate on land in Jakarta."

Mr Forey says it is now difficult for a foreign company to set up, given the latest ruling that all boats fishing under joint venture licences must be built in Indonesia.

However, it has not all been plain sailing. The purse seiner—which uses a net as deep as the Eiffel Tower is tall—is to Indonesians a new technology. The local industry is still characterised by indigenous methods where fishermen use pole and line, rarely venturing more than a few miles from shore.

Mr Forey's short-term solution has been to employ Japanese crews, at the same time sending a local team to to learn the deep sea craft with a French fleet fishing off West Africa.

Yet for all its apparent sophistication, purse sening remains a curious blend of ancient and modern. A keen eye in the forecastle beats any amount of sonar reconnaisance in the sometimes painstaking search for this migratory fish.

Australia to extend export subsidies

AUSTRALIA said yesterday it would increase its subsidies to developing nations, particularly nine Asian countries, that buy certain goods and services from Australian companies, AP-DJ reports from Canberra.

Faced with other industrial nations winning export contracts to developing nations with subsidised financing known as mixed credits, Australia introduced an arrangement in 1980 whereby export credits for development projects approved by the Australian Government are subsidised with aid funds.

Foreign Affairs Minister Mr Bill Hayden said the arrangement would be changed to "improve the competitiveness of Australian companies tendering for worthwhile development projects."

Under the new plan, Australia's mixed credits of export financing subsidised by aid will be available to all developing nations. In the past, only countries that received bilateral aid got mixed credits.

The plan also introduces the concept of "spoiled markets," where mixed credits from other industrial countries are so common that a tender would not be accepted unless it were subsidised with aid funds.

Countries classified by Australia as "spoiled markets" are China, Burma, India, Indonesia, Malaysia, Pakistan, the Philippines, Sri Lanka and Thailand.

Evidence of competitive mixed credits from other industrial nations will not be needed to get subsidised finance for these nations.

Grants of 25 per cent of the contract value will be made to support all bids for capital goods and related services for projects meeting the criteria set under the Australian Government's development import finance facility.

Evidence of mixed-credit competition will still be required for subsidies for other services and some goods. However, in markets that are not classified as spoiled, the requirements for evidence of mixed-credit competition have been relaxed.

Mr Hayden said the Government would increase the finance facility to 5 per cent of its aid funds, or A$120m, by the fiscal year ending June 30, 1990, from about A$15m this year.

Brierley adds Bundaberg stake to sugar interests

BY BRUCE JACQUES IN SYDNEY

MR RON BRIERLEY'S Industrial Equity (IEL), only days after being unveiled as the purchaser of a 4 per cent stake in CSR, Australia's premier sugar producer, has emerged with an interest of 11.86 per cent in Bundaberg Sugar of Queensland.

IEL is understood to have bought the bulk of its Bundaberg shares last Friday from Mr Bruce Judge's Ariadne Australia, for around A$2.50 each, compared with yesterday's closing price in Sydney of A$2.60.

Bundaberg has responded by declaring that the company will not alter its operations. "We will be doing what we have always done and that is trying to keep the earnings per share and profits as high as possible for shareholders," directors said.

The purchase adds to a number of small positions acquired by IEL in recent months, including stakes in Advertiser Newspapers, Humes, the building products group and Cheetham Salt. It comes as the international sugar market is recovering after several years in the doldrums.

Mr Brierley is also reported to have built a position in Peko-Wallsend, the major Australian mining house, which yesterday issued a statement—which the market promptly took to be a response to this acquisitive attention—giving a bullish outlook for its own prospects.

● CRA, Australia's biggest mining house, has chosen to cash in on the booming gold market by selling its wholly-owned Forest Gold subsidiary

The company has been sold for an undisclosed sum to a consortium comprising three Perth-based gold producers — Whim Creek Consolidated, Austhim Resources, and Croesus Mining.

Forest has mines at Tower Hill and Hannans South with annual production of 20,000 oz and 17,000 oz respectively, plus a deposit known as Labouchere with reserves estimated at 800,000 tonnes with an average grade of 3.5 g of gold to the tonne.

Whim Creek directors have estimated that the Labouchere mine could be producing more than 20,000 oz of gold a year within 12 months. They put Forest's total reserves at 4m tonnes of gold-bearing ore, containing an estimated 300,000 oz of gold.

Abu Dhabi insurer shows marginal rise in profits

BY ANGELA DIXON IN DUBAI

ABU DHABI National Insurance Company (Adnic), the United Arab Emirates' biggest insurer, lifted profits by 3.3 per cent last year to Dh 106.7m ($29.05m).

This was achieved despite a 5.7 per cent dip in premium income to Dh 328.1m, which the board attributed to fluctuating oil prices and the Iran-Iraq war

Assets grew by 8.9 per cent to Dh 682m, and the return on investments rose to Dh 69.7m from Dh 55.6m.

Adnic controls some 70 per cent of Abu Dhabi business alone, and handles the bulk of the insurance business of the emirate's oil companies.

In 1986, the company introduced a medical insurance scheme in conjunction with Bupa of the UK which is expected to be a major source of income in future, according to senior management. It represents a significant step in the increasing range of client services which Adnic plans to offer.

The company expects to expand its geographic scope in the near future. It already has a wholly-owned subsidiary in London.

Air New Zealand may buy into Australian carrier

BY DAI HAYWARD IN WELLINGTON

AIR NEW ZEALAND, which has been pushing hard, without success, for the right to carry passengers within Australia, may buy a stake in East-West Airlines, Australia's third biggest domestic carrier.

The New Zealand carrier has confirmed that it has been talking with East-West but says this is one of only several options it is considering.

East-West is planning to gain an Australian listing through a flotation which would raise about A$50m (US$35.5m).

At present, Australia has a two airline policy which restricts domestic air travel largely to Australian Airlines and Ansett. When Ansett was given permission by the New Zealand government to buy a half stake in a new domestic airline to be set up with Brierley Investments and the Newmans group, Air New Zealand argued that it should have similar opportunities within Australia.

The Ansett airline in New Zealand is expected to make big inroads into Air New Zealand's domestic passenger traffic at least initially. Buying into East-West would give Air New Zealand a financial foothold in the Australian domestic aviation market.

New curbs on Chinese bonds

CHINA'S State Council has issued a circular tightening control of stock and bond issues to curb misuse of investment funds and excessive capital construction, Reuter reports from Peking.

The New China News Agency quoted the circular as saying only a few designated collectives may issue shares and new collectives formed by merging several firms may not sell shares to the public.

Only state-owned firms may issue bonds after approval from the People's Bank of China, and they must not exceed the stipulated bond amount and may only use the money for projects within the state plan.

NOTICE OF PREPAYMENT

The Bank of Tokyo, Ltd.
(Incorporated with limited liability in Japan)

U.S. $15,000,000 Callable Negotiable Floating Rate Dollar Certificates of Deposit due 16th May, 1988
(Series RL)

In accordance with the provisions of the Certificates, notice is hereby given that The Bank of Tokyo, Ltd. ("The Bank") will prepay the principal amount on the next Interest Payment Date, 14th May, 1987, together with the interest accrued to that date.

Payment will be made against presentation and surrender of the Certificates at the Bank's London Office at 20/24 Moorgate, London EC2R 6DH.

8th April, 1987.

TEOLLISUUDEN VOIMA OY
(TVO Power Company)
US$100,000,000

Floating Rate Notes due 2004

Notice is hereby given that the Rate of Interest for the first Interest Sub-period of the Interest Period ending on 9th July, 1987 has been fixed at 6$\frac{11}{16}$% per annum. The amount payable for the first Interest Sub-period will be US$59.44 and will be payable together with the amounts for the second and third Interest Sub-periods of the said Interest Period on 9th July, 1987 against surrender of Coupon No. 13.

Manufacturers Hanover Limited
Agent Bank

PAN-HOLDING
Societe Anonyme
Luxembourg

As of March 31, 1987, the unconsolidated net asset value was US$293,839,087.15 i.e. US$419.77 per share of US$50 par value.

The consolidated net asset value per share amounted, as of March 31, 1987 to US$443.64.

UK COMPANY NEWS

Clive Wolman on Equiticorp's stake in Guinness Peat

Revival of the takeover threat

THE SURPRISE acquisition last week of a potentially hostile 25 per cent stake in the merchant bank and financial services group, Guinness Peat, by New Zealand's Equiticorp investment company has revived the threat of a takeover and break-up of the group.

That threat is given more substance by Mr Alastair Morton's decision in late February to step down as chief executive of Guinness Peat, while staying on as a half-executive chairman and becoming co-chairman of the Eurotunnel Anglo-French consortium.

Even he may find it difficult to fight off a bid while trying to raise nearly £5bn to dig the Channel Tunnel.

Equiticorp, whose previous brushes with regulators may arouse the Bank of England's hostility, is more likely to sell its stake to another foreign financial institution rather than bid itself.

It was the Bank which brought Morton, now 49, into Guinness Peat in January 1982. The group was on the brink of insolvency after suffering massive losses in its US commodities and import financing businesses and its board was riven by feuding.

As a residue of the bitterness of that period, Mr Morton today has to confront two other unfriendly shareholders, Lord Kissin, founder of the group, and a German industrial company.

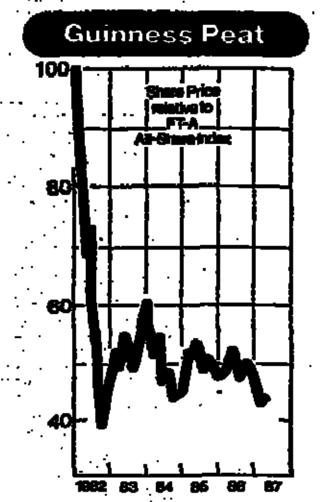
Between them, they account for more than 13 per cent of the equity which could easily be pledged to a predator.

Guinness Peat's recovery since 1982 was achieved by Mr Morton's ruthless cost-cutting programme and sale of peripheral businesses and assets.

The group was stripped down to the core activities of insurance broking (Fenchurch Insurance Holdings), investment banking, fund management and a lucrative, but passive, stake in the highly successful Guinness Peat Aviation.

Stockbroking analysts admire Mr Morton's intellectual rigour, his energy and his experience of dealing with Whitehall, but they say he lacks strategic vision and entrepreneurship and view these as growing handicaps.

His tough and abrasive style has also made him many enemies including Mr Robert Maxwell who was sufficiently stung by his insults to build up a stake in Britannia Arrow in alliance with Mr David Stevens and thwart Guinness Peat's £212m takeover bid at the end of 1985.



Alastair Morton . . . a tough and abrasive style

Mr Morton's boldest moves have been the development of a fund management business spanning the Atlantic. Last autumn, Guinness Peat made the largest-ever acquisition of a US fund management house by a UK company with its purchase of Forstmann-Leff Associates, a New York firm managing $4.5bn of pension fund assets.

Mr Morton started with a small investment management business which was part of the Guinness Mahon merchant bank. It built up a reputation for managing currency funds and attracted publicity, although little business, when it became the first UK pension fund manager to offer to charge fees related to its investment performance.

The purchase of the private client business of the stockbroking firm Henderson Crosthwaite gave Guinness Peat another £1bn of assets although not all those assets are managed on a fully discretionary basis.

The fund management rationale behind the move was blurred by the acquisition of two small jobbing firms which suggested that Mr Morton was having second thoughts about his decision to steer clear of the post-Big Bang securities industry.

After the failure of the bid for Britannia Arrow, with its large, but troubled, unit trust management business, Mr Morton and his deputy in the US, Mr Michael Kerr-Dineen, began seeking a US fund manager.

Business has been booming in recent years for the independent investment "boutiques" in the US, like Forstmann-Leff. Many of the founding entrepreneurs, uneasy at making the transition to a more mature business, have started selling out to larger financial service companies (including, ironically, Britannia Arrow).

Forstmann-Leff is one of the few firms in the US or UK which can demonstrate a fairly consistent record over its 19 years of outperforming the relevant stock market index for its pension fund clients.

The acquisition, for which the intial payment was worth about £63m, was cleverly structured by Mr Morton to achieve the following objectives:

- To give the existing owners of the 19-year-old firm, and the up-and-coming generation of fund managers beneath them, a sufficient incentive to develop the business and not to be lured away by rival firms, at least not for the next six years.
- To give the leading figures a stake in Guinness Peat and an incentive to assist it in the acquisition and development of complementary fund management businesses in the US, for example in mutual fund, endowment fund or passive management.
- To allow the US managers to continue running the business autonomously, and in particular to control its expenses and the remuneration packages for its employees without worrying about the reaction of head office in London.
- To achieve maximum tax efficiency by letting the company owners cash in their chips under the more generous capital gains tax regime before the Tax Reform Act took effect, by depreciating the actuarial value of the investment management contracts against taxable earnings, and by generating enough cash to make use of Guinness Peat's $25m of US tax losses. These are a hangover from the 1980-81 disasters.

The deal incorporated warrants, a sharing of the first three years' gross earnings (before expenses) and a final buy-out formula based on a multiple of those earnings.

In effect, both parties gained what appeared to be exceptionally favourable terms at the expense of the taxman.

There are some opportunities for cross-selling. The pension plan clients of Forstmann-Leff may be encouraged to use, for example, the Guinness Mahon currency fund whilst pension fund and private clients in the UK may find the US arm useful when seeking diversification into US equities. But investment clients are increasingly sceptical about such referrals.

Forstmann-Leff is also serving as the hub for the company's expansion into other US fund management businesses.

Another company, Eagle Management and Trust of Houston, Texas, which manages over $800m of mainly charity and educational endowment money, was acquired at the year end for £11m.

The concept of a multinational fund management operation, with an autonomous base on each side of the ocean, is an interesting one. But it is difficult to see what, apart from the drive of its former chief executive, is holding that part of Guinness Peat together with its insurance broking, merchant banking and aviation finance activities.

Mr Morton's Eurotunnel appointment in February led to an upgrading of the positions of three deputies, Mr Kerr-Dineen, who is in charge of fund management, Mr John Sclater, in charge of banking, and Mr Geoffrey Knight, who is running the insurance broking arm.

Provided the merchant bank remained independent or found a respectable owner, the Bank of England would find it difficult to justify using its veto power under the Banking Bill to block a predatory move to break up the group into these components.

Morceau shares fall on loss of contracts

By Ralph Atkins

SHARES in Morceau Holdings, the specialist fire protection group, fell 20p to 100p after it announced the loss of two major contracts worth a total of about £1.5m.

The group said it failed to secure contracts anticipated at the time of the group's last annual meeting. The contracts, put out to tender, were for the supply of fire protection equipment to a UK and a Norwegian oil company.

"Our expectations have been significantly dampened by the loss of these contracts," said Mr Douglas Godfrey, finance director.

Morceau also said it expected to report a loss for the six months to March 1987 because of the normal low level of activity in the winter months and a depressed level of orders from North Sea oil companies.

But Mr Godfrey said this did not mean the company would report a loss at the year end in September.

"It would not be unusual to experience a loss in the first half but still produce a profit for the full year," he said.

The board of Morceau has decided not to pay an interim dividend. It will review the question of any final dividend in the light of the full year results.

In December the group announced that its results for the year to September 1986 would be below expectations because of difficulties in finalising the account for work at the new headquarters of Hongkong and Shanghai Bank.

The results showed pre-tax profits falling to £1.95m from £3.07m in the previous 12 months.

Tesco holds 9.8% of Hillards

By Nikki Tait

Tesco, the supermarket chain which is waging a £176m bid-battle for Yorkshire-based Hillards, announced yesterday that it owned or had received acceptances from 9.8 per cent of Hillards shares by Monday's first closing date.

Acceptances themselves came from holders of 3.1 per cent of Hillards shares — a mix of private and institutional investors, according to Tesco. Country Bank, which is advising Tesco, has picked up a 6.5 per cent stake since the offer was announced, and a further 0.2 per cent is held by the Tesco pension funds.

Tesco — which has now extended the offer until May 1—said yesterday that it was pleased with the level of acceptances.

"We wanted to have around 10 per cent under our belt at this stage," commented Mr David Reid, Tesco's finance director.

However, the acceptances figure was immediately dismissed by Mr Peter Hartley, Hillards' chairman, as "pitifully low." Hillards has already announced that directors and family holdings accounting for 28.4 per cent of the shares have indicated that they will reject the bid.

In the market, meanwhile, Hillards shares added 1p to 314p — some 7p above the value of the Tesco paper terms on hopes that Tesco will eventually increase its offer. Tesco shares themselves added 1p to 474p.

Bell raises Standard stake to nearly 15%

BY HUGO DIXON

MR Robert Holmes à Court's Bell Group International increased its stake in Standard Chartered, the UK-based international bank, to 14.99 per cent yesterday. It had increased its stake from 10 per cent to just under 12 per cent on Monday.

There was no definitive explanation for Mr Holmes à Court's move, though Mr Peter Wilmott-Sitwell, chief executive of Warburg Securities, which is acting for him, said he had no intention to make a full bid for the bank.

Others continued to speculate that he was building up a strategic stake which would give him greater bargaining power should somebody else make a bid.

Lloyds Bank, which made an abortive bid for the bank last year and still has almost 5 per cent, will be free to relaunch its bid, if it wishes, in July.

Mr Holmes à Court was one of three white knights who rescued Standard Chartered from that bid by buying large numbers of its shares in the final stages of the battle. The others were Sir Y. K. Pao, the Hong Kong businessman who also has a 15 per cent stake, and Mr Tan Sri Khoo Teck Puat, the Malaysian financier, who has about 6.3 per cent.

Adwest profits advance checked by restructuring

Adwest Group, holding company for a group of engineering, electrical and automotive engineering companies, showed a slight improvement in pre-tax profits from £3.14m to £3.23m for the half year to December 31 1986.

The directors said that the period had seen significant changes in the structure of the group. Losses at Laser and Lacy-Hulbert had led to decisions to close both factories and transfer production to other companies. This had now been completed and would contribute to the future profitability of Air-Log and Madans respectively. The group had disposed of its interest in Burmans.

A number of major new contracts at IHW, although resulting in heavy start-up costs, would contribute to future profits.

Profits for this year had been affected by the changes.

Turnover in the first six months was up from £39.13m to £48.13m. Tax charged was £1.14m (£1.23m) and minorities were £59,000 (£47,000). There was an extraordinary charge after tax of £535,000, stated after estimated tax relief of £287,000.

Further net closure costs of approximately £220,000 after tax relief are anticipated during the six months to June 30 1987 and an extraordinary credit of approximately £750,000 is anticipated on the disposal of Burman.

The interim dividend has been raised from 1.7p to 1.8p per 25p share.

• comment

Rather like the curious incident of the dog that failed to bark in the night, the odd thing about Adwest is that no-one has tried to take it over. With substantial property interests which put the shares at a discount to the net asset value and a growth record that leaves a lot to be desired, it looks an ideal target. Perhaps the dividend of just under 5 per cent has kept shareholders happy. This year, the company has cut back its automotive interests—once 56 per cent of turnover and now headed for 35 per cent whilst continuing its property dealing which now makes up a third of group profits. Whether a predator would want to wade through Adwest's collection of small businesses to get to the tasty property prospects is the key question; certainly the shares reflect some bid interest, for assuming stagnant pre-tax profits of £10.1m this year, they are unattractive on trading grounds on a prospective p/e of 12.5 at yesterday's close of 263p.

Australians increase stake in RHM

Goodman Fielder, Australian food group, has increased its holding in Ranks Hovis McDougall to 15.79 per cent. On Monday it bought 600,000 shares at 310p a share and a further 850,000 at 309p.

The purchase was seen as part of a strategy to prevent its holding from being diluted should RHM's hostile bid for Avana, Welsh food company, succeed.

Dr John Randall, chairman and chief executive of Avana, has maintained throughout the takeover campaign that RHM's bid was a defensive tactic against a possible future bid from Goodman Fielder rather than a move dictated by commercial logic.

The Australian company paid S. & W. Berisford £107m last August for a key 14.6 per cent stake in RHM and promptly denied it had any plans to launch a bid.

Fletcher Challenge of New Zealand holds a little less than 5 per cent.

Kellock pays £16m for loss adjuster

By Nick Bunker

Kellock Trust, financial services group, plans to pay an initial £12m to buy 85 per cent of Ellis & Buckle, one of Britain's leading insurance loss adjusting firms.

It comes at a time when the UK's loss adjusting market is passing through a big reorganisation. Traditionally, it has been dominated by long-established privately-owned companies, but recently several outside institutions have begun buying in.

Two weeks ago Merrett Group, one of the biggest underwriting agencies at Lloyd's of London, said it was buying Graham Miller (Northern), another well-known loss adjuster.

The initial consideration for Ellis will be met by an issue of 25.2m new shares at 45p. A further consideration of between £2.2m and £3.5m may be payable depending on profits in 1987 and 1988.

Mr Michael Langdon, Kellock's chief executive, said the purchase also involved what he called "a state-of-the-art management buy-in."

This is being conducted via the creation of a new holding company, Ellis & Buckle Holdings which will be 15 per cent owned by three of Ellis's present directors, Mr T. E. Heward, Mr G. A. Loughney and Mr C. W. Storer.

The three were appointed in 1984, at a time when Ellis was beginning a planned expansion programme. It has opened ten new offices nationwide, bringing the total to 38, and increased pre-tax profits from £492,000 in 1984 to £1.65m to September 30 1986.

Mr Bill Best will continue as Ellis's managing director until April 1989, and will also join Kellock's board.

Kellock Trust is 46 per cent owned by London & Edinburgh Trust, the property company.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div	Total for year	Total last year
Alexandra Workwear	5	May 29	3.75	7.75	8
Adwest Inv	1.8	June 4	1.7	—	8.53
New Court Trust ...int	5	—	4.75	—	15.75
Ash & Lacy	13	May 30	10.25	24	20.25
Aspen Comm †‡	2.4	May 28	1.8	3.7	2.8
Cowells†	2	—	1.5	3	1.5
Fitch & Co	4.8	May 29	4.1	7	6.1
Friendly Hotels	0.7	—	—	1.2	0.7
Hollis	1	—	nil	1	nil
Home Counties News	6.75	—	5.5	10	7.1
Klark-Teknik ...int	0.5	June 1	0.4	—	1.1
Marlborough Tech	0.7	May 28	—	0.7	—
Metsec†	1.3	—	1.3	2.6	1.3
More O'Ferrall	3.9	June 4	3	5.2	4
Tharsis§	10.5	—	8	12.5	10
H. Young Holdings int	1.3	May 27	1.2	—	3.6

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. § Gross throughout.

UK COMPANY NEWS

Sunleigh launches 'unwelcome' £13.4m bid for Dale Electric

BY NIKKI TAIT

A £13.4m bid battle broke out yesterday between Sunleigh Electronics, the USM-quoted electronics holding company where FKI Electricals holds around one-quarter of the shares and four former or current FKI men are on the board, and Dale Electric, which is fully quoted and makes power systems.

Sunleigh announced that it is offering 12 of its own shares for every five Dale. There is no cash alternative, and with Sunleigh up 1p at 42p yesterday, that values each Dale at 100p. Dale itself jumped 32½p to 97p.

However, the offer was immediately rejected by Dale as unsolicited and unwelcome.

Mr Christopher Coole, Dale's finance director, said that the company would be discussing the bid more fully with its advisers, County Bank, today and would write to shareholders shortly.

Sunleigh has been building a stake in Dale for two months, which—before yesterday—stood just below the disclosable level.

Yesterday, it picked up a further 100,000 shares, taking its stake to 5.73 per cent.

If successful, the bid would almost double the size of Sunleigh—30.4m shares, representing 83 per cent of the existing capital would be issued.

Yesterday Mr Anthony Merryweather, Sunleigh's chairman, said the company had planned "to make a quantum leap" during 1987, and that the board had "wide experience of rationalising companies" which he claimed could transform Dale.

Dale, itself, which makes AC and DC power systems, went into the red with a £960,000 loss before tax in the year to April 1986—the result of reduced export orders for the main UK manufacturing business and problems at its Thai subsidiary.

However, in the six months to end-October, the company swung back to a pre-tax profit of £539,000.

According to Mr Coole, around 20 per cent of the shares are held by family and directors.

Holmes Protect. in Australian deal

Holmes Protection Group a New York-based electronic security group, although still listed in London, yesterday unveiled plans for a link-up with Wormald International, the diversified Australian company.

Initially, Holmes is proposing to issue 6.15m new shares—a 9.99 per cent stake—to Wormald at 172p each, giving a cash injection of £10.6m. But it hopes to follow this with a deal by which Holmes would acquire Wormald's security interests in the States, the UK and Europe, in return for a minority stake of between 40 and 50 per cent of Holmes.

Yesterday, Mr Tom Forrest, vice chairman of Holmes, said that these interests have revenues of around £220m a year and make pre-interest profits of some US$10m-US$15m. However, he stressed that details of acquisition have yet to be worked out.

Wormald moved into the States back in 1979 with the purchase of a fire protection business, the Ansul Company.

Holmes, meanwhile, is heavily involved in burglar, fire and other alarm market in New York and Miami.

Yesterday Holmes' shares—which have attracted bid speculation in the past and have risen strongly during the past few months—added another 8p to 192p.

Chamberlain forecasts more profit expansion

By Philip Coggan

Chamberlain Phipps, the shoe components and adhesives group currently fighting off a hostile bid from Wardle Storeys, yesterday revealed a pre-tax profits forecast of £7.25m in the year to March 31, 1988 compared with the forecast of £5.75m it has already made for the year just ended.

The Northamptonshire-based shoe group is pointing to the elimination of losses in Vinaflex UK, increased sales to the Far East and full-year contributions from recent adhesives purchases as the engine behind earnings per share growth, forecast at 27 per cent in the 1987-88

Chamberlain considers that the bid from Wardle, which manufactures plastic sheeting and survival equipment, has "no industrial logic."

Wardle launched a three-for-10 share offer in February, criticising the earnings record and the diversification strategy of Chamberlain.

On its first closing date, Wardle's offer had received acceptances of only 0.47 per cent and it is widely expected to increase its offer next week.

Based on yesterday's closing prices of 159p, up 8p for Chamberlain, and 447p, up 4p for Wardle, the current offer is worth £48m.

ISSUE NEWS

Philip Coggan on the background to the Filofax debut

Making a date with the USM

ARRANGE an appointment with a trendy young professional nowadays and the chances are that he or she will reach for their Filofax. Now the company which has owned the trade mark to the fashionable "personal organisation product" since 1980 is joining the Unlisted Securities Market.

But the customers who have been prepared to shell out about £50 for the popular Winchester version of what is, essentially, a souped-up diary will not be given much chance to apply for shares. Broker Phillips & Drew is placing the 4m shares on offer with selected institutions in order to reduce offer costs and to create a firm base for the equity.

Under Stock Exchange rules, 25 per cent of the shares must be distributed via other named brokers, so private clients of Stock Beech and Albert Sharp will get the chance to see the issue. But everyone else will have to wait.

Given the publicity that has surrounded the launch of Filofax, the chances are that the shares will immediately go to a substantial premium over the placing price of 120p when dealings begin on April 14.

David Collischon, chairman of Filofax, and his wife, Lesley, the personnel director

Mr David Collischon, the company's chairman, and his wife, Lesley, the personnel director, started a group called Pocketfax in 1976 to market Filofax products by mail order. By the late 1970s, they became a major customer of Norman & Hill, as the Filofax company was then called, and in 1980 they took it over, acquiring 76 per cent of the equity in the process.

Profits growth really began in 1983 after the company had redesigned the Filofax and improved the marketing. Pre-tax profits have grown from £112,000 in 1983 to £1.42m last year, putting a p/e on the shares at the placing price of 16.5.

Now the company is being launched with a market capitalisation of £17m and Mr and Mrs Collischon and trusts are selling about 1.8m shares worth about £2.16m. The equity on offer, which includes 2.2m new shares, represent 28 per cent of the enlarged capital.

Filofaxes are now available with cover designs ranging from the vinyl at £12 to the crocodile at £590. But the real expansion has been in the add-on sheets which can be slotted in—and provide information like places to go in London, maps of cities and expenses forms.

In the UK, the product is sold through a range of retailers like Harrods and Fortnum & Mason as well as W. H. Smith. Overseas sales now make up slightly less than one-third of the total, thanks to a recent spurt in Japan, and the company has just set up a subsidiary in the US.

The company belives there is plenty of growth potential in the UK—sales increased 118 per cent in 1986—but will use the proceeds of the placing to develop new products and overseas sales. tI has plans for acquisitions in the field of "personal organisation"—which apparently means better designed briefcases and handbags.

Brooks offer aims to clean up

BY RICHARD TOMKINS

INVESTORS who subscribe to the placing of shares in Brooks Service, a Bristol-based linen-hire and dry-cleaning group being floated on the stock market this week, will be given an unusual incentive to smarten up.

Anyone buying 750 or more shares in the company will be given a shareholder's concession card entitling them to a 25 per cent discount on the group's dry-cleaning, clothes alteration and shoe-repair services.

However, the perk could provoke quibbles among institutional investors. Corporate shareholders will receive only one card each, and only one named individual within the organisation will be able to use it.

County, the merchant bank, is placing 2.56m shares in Brooks Service at 115p each through Stock Beech, the Bristol stockbroker. This puts a value on the company of £12.2m.

Brooks has two main activities. It hires and launders linen and workwear for hotels, restaurants and industry, and it has a network of 58 dry-cleaning shops, mainly in southern England. The dry-cleaning shops also do clothing alterations, laundry, shoe repairs and key cutting, and an increasing number offer a photo-processing service.

The company's origins go back to the 19th century, but more recently its growth has been spurred by a policy of selective acquisitions. Pre-tax profits have risen from £417,000 in 1982 to £1.1m in the year to last December on turnover up from £7.5m to £13.6m.

The shares being sold represent 24 per cent of the enlarged equity. Some 815,248 of them are being sold by existing shareholders and the other 1.74m are new shares being issued by the company to raise about £1.77m net. This will help repay debt and provide capital for expansion.

The historic p/e ratio is 11.8 on an actual 22 per cent tax charge and 14.1 on a notional 35 per cent charge. That compares with 16 for Sketchley and 15 for Sunlight Service.

March revs up for £14.2m USM float

By Ralph Atkins

March, the racing-car maker, has announced details of its flotation on the Unlisted Securities Market.

A total of 3.6m shares will be placed at 120p each, valuing the company at £14.2m. De Zoete & Bevan will place 2.7m. The rest will be placed by Smith Keen Cutler as second distributor.

Dealings are expected to start next Monday the day after the scheduled Brazilian Grand Prix.

The group is issuing 2m shares for the issue to raise £2.17m after expenses to finance further growth. The remaining 1.6m shares are being sold by Mr Robin Herd, chairman. The directors will retain a 66.7 per cent interest in the company.

Mr Herd said the group saw the flotation as the next step in its development.

"We want to establish fully the three prongs of our industry: composite materials; engineering consultancy; and Formula 1 racing," he said.

The group's turnover has risen from £3.35m in 1982 to £11.96m in 1986. Pre-tax profits rose from £204,000 in 1982 to £2.09m in 1985 but then fell to £1.65m in 1986. The group says the 1985 result was exceptional because of exchange-rate movements.

On a 35 per cent tax charge, the placing gives the group an historic p/e ratio of 11.9. At the placing price a dividend of 4.2p, which the directors would have expected to recommend for the year to October 1986, gives a gross yield of 4.8 per cent.

Cundell makes debut with £22.5m tag

BY RICHARD TOMKINS

Cundell, the packaging company which last year bought itself out from a buy-out, is coming to the market this week through a placing which values it at £22.5m.

Cundell is a specialist designer and maker of high-quality corrugated packaging. Its management bought it out from Lawson Mardon, the Canadian-based packaging group, for £12m in April last year.

Only eight months earlier the management of Lawson Mardon had pulled off Britain's biggest-ever buy-out when it won its independence from BAT Industries for £280m.

Alexanders Laing & Cruickshank is placing 10.73m of Cundell's shares—60 per cent of the enlarged equity—at 125p each. Slightly more than £900,000 of the proceeds will go to existing shareholders and £11.8m net will go to the company, so wiping out the debts remaining from the buy-out.

Although Cundell has been through several changes in ultimate ownership, it has been trading in its present form and with its present management for more than 25 years.

Initially its product range was confined to traditional brown boxes and some two-colour printed die-cut boxes, but steady expansion has enabled it to widen its range as well as lift production levels.

Today it still makes brown boxes but it puts increasing emphasis on added-value products such as complex boxes and display products, which require greater design skills.

Pre-tax profits have risen from £1.25m in 1982 to £2.05m in the year to last December. The p/e ratio has been calculated as though the issue proceeds had been available last year, and comes out at 12.9. Dealings are due to start tomorrow.

Fitch & Co profit rises 11%

AN 11 per cent increase from £1.64m to £1.82m in pre-tax profits was yesterday announced by Fitch & Company Design Consultants for 1986. The final dividend is raised from 4.1 to 4.8p net for an increase from 6.1p to 7p.

Mr David Legg, the chairman, said there had been an encouraging increase in overseas projects, and Fitch was now active in France, the Netherlands, Australia and Sweden. He added that with the level of international enquiries, the group expected that area of its business to grow substantially in 1987.

PRESTWICK HOLDINGS has acquired S. P. & S. Records, distributor of records, cassettes and compact discs to leading multiple retailers, from the receivers for £742,000 cash. S. P. & S. had a turnover of some £5m in 1986.

IN BRIEF

METSEC, USM-quoted designer and maker of structural components and systems, suffered a slight decline in pre-tax profits for 1986. Although turnover improved by 15 per cent from £14.89m to £17.12m the pre-tax result fell by £249,000 to £1.13m. The dividend is 2.6p (1.3p), with a final of 1.3p.

HOME COUNTIES Newspapers Holdings, printer and publisher of local newspapers, continued its recovery with pre-tax profits of £1.68m in 1986. A year earlier the company reported losses of £461,000, but swung back with profits of £746,000 at the interim stage. The final dividend is raised from 5.5p to 6.75p net for total of 10p (7p). Earnings per 25p share emerged at 44.1p (losses 8.9p).

LOCAL AUTHORITY BONDS: the interest rate for this week's issue is 9¼ per cent, down ⅛ of a percentage point from last week, and compares with 9¾ per cent a year ago. The bonds are issued at par and are redeemable on April 13 1988.

A full list of issues will be published in tomorrow's edition.

MRS FIELDS INC'S holding company, Mrs Fields Holdings, has bought La Petite Boulangerie from Pepsico. The acquisition has been structured to improve the earnings of Mrs Fields, USM-quoted US-based cookie maker, by a reduction in the tax charge and giving it the opportunity to acquire LPB, which is forecast to make significant losses in 1987, in 1990.

NEW COURT Trust (investment trust): Net asset value 708p (566p) at February 28 1987. Interim dividend 5p (4.75p).

HILLSDOWN HOLDINGS has acquired Wyatt & Bruce, a company engaged in animal feed manufacturing and agricultural merchanting via issue of 144,004 ordinary and cash of £245,550.

More O'Ferrall jumps by 86% to over £5m

More O'Ferrall, the outdoor advertising group, boosted its pre-tax profits by more than 86 per cent from £2.81m to £5.24m on turnover up from £22.51m to £29.97m in 1986.

Shareholders will benefit from the substantial improvement through a proposed final dividend of 3.9p (3p), making a total of 5.2p (4p) for the year.

Mr Russell Gore-Andrews, the chairman, said that a restructuring of the competition in the outdoor advertising sector in the UK, More O'Ferrall's major market, should lead to the strengthening of the medium and a more profitable base for the group's future development.

He said that it had continued its investment in acquiring new sites in France and believed that More O'Ferrall's special presentation of advertising in that market would meet the new challenge from the liberalisation of TV advertising.

In January, the group paid a total of I£406,000 (£387,000) for Multimedia, which has the concessions for Dublin, Cork and Shannon airports, and Display Sign Services, a roadside contractor.

Tax charges rose from £1.28m to £1.98m and earnings virtually doubled to 13p (6.7p).

● **comment**

After a patchy profits record in the last few years, More O'Ferrall now seems to have got the formula right. It has established itself at the top end of the market and used its management skills and shrewd marketing to turn the outdoor poster into an attractive and flexible advertising medium. Its Adshel subsidiary, which sells advertising space on bus shelters, has an 85 per cent of market share but the group has only 20 per cent of total poster sales income in the UK. This, together with the potential for expanding its operations in Europe, leaves plenty of room for growth. The takeover of London and Continental Advertising Holdings by MAI in January has left the poster market looking firm. A General Election campaign will be the icing on the cake. Pre-tax profits of £6.5m for 1987 are forecast which at 106p, up 13p, gives a prospective p/e of about 12. This is undemanding for a group with good opportunities for further progress.

Profits fall to £0.43m at Riley Leisure

A FALL in pre-tax profits, from £751,000 to £429,000, was yesterday reported by Riley Leisure, snooker table maker and snooker club operator, for 1986. The figure for 1985 included a £471,000 contribution from the fitness equipment division which was sold in March 1986 to improve liquidity.

Turnover for the year was reduced by £4m to £21.75m.

Mr Alan Deal, the chairman, said that a collapse in sales of snooker tables to Hong Kong was behind the lower result. The bubble had burst for Riley in that market, which had reached saturation point, he said. Sales were down by over £3m, which had lost the company an esimated £500,000.

Overall profits from the Riley Billiards division fell from £1.29m to £557,000, on turnover down £1m to £10m.

The directors were looking to other export markets, including Japan and China.

The snooker clubs made another good contribution, the chairman said, with profits of £1.23m against £1.17m. Turnover rose marginally to £6.75m (£6.7m).

There were further losses from the Leisure Industries subsidiary which made home snooker tables. That division had now been sold, he said.

The Leisure Industries division incurred reduced losses of £438,000 (£494,000)

From a reduced group trading profit of £1.35m (£2.43m), the pre-tax result was after interest charges of £916,000 against £1.68m.

Tax took a lower £84,000 (£198,000), and after an extraordinary credit of £1.38m (£181,000 debit), which included the cost of closure and sale of Leisure Industries, retained profits came out at £1.71m (£372,000).

Earnings per 10p share fell to 1.3p (1.8p), and there is no dividend proposed.

Sharp sales rise boosts Alexandra Workwear to £4m

Alexandra Workwear raised its 1986-87 pre-tax profits by 32 per cent and said yesterday that the current year had started wel with orders, sales and production all showing good increases over the previous 12 months.

The extra production in the new factory, which opened at the beginning of last year, was giving improved overhead recovery and the directors anticipated another very good year.

For the year to January 31 1987 turnover pushed ahead from £26.23m to £32.96m and at the pre-tax level profits advanced by £920,000 to £3.84m —the group is a manufacturer and suppler of careerwear and workwear.

Sales n the UK continued to increase in all sections throughout the year

Overseas sales in total increased by 28 per cent to £1.7m — the rest of the EEC increased its sales by 58 per cent.

Pre-tax profits for 1986 were struck after taking account of the employee bonus of £206,000 (£162,000) and net interest charges of £524,000 (£375,000)—comparative results were for 53 weeks.

Tax accounted for £1.21m (£1.1m) and left net profits 45 per cent ahead at £2.63m.

Earnings worked through at 23.8p (16.4p) per 10p share and the dividend for the year is being increased from 6p to 7.75p net via a final of 5p. A scrip issue on a two-for-one basis is also proposed.

Mr Granville Davis is stepping down as executive chairman and will become non-executive chairman. Mr John Prior, at present managing director, will become chief executive.

● **comment**

Alexandra Workwear set a rather demanding growth rate for itself by beating its own pre-tax profits forecast for the first year of life as a quoted company by £1m. This time the result was in line with expectations—the benefits of tighter stock controls and lower interest charges were inevitably not repeatable. However, trading margins were ahead half a per cent and increased utilisation of existing production capacity will bring gains but nothing quite so dramatic as was seen in 1985-86. Keen to enhance the white-collar half of its operations, the company is carefully monitoring European expansion plans by existing customers. The City may be some light years away from adopting Japanese-style uniforms but there is a growing trend for these in the service industry. This year £4½m is in view which puts the shares at 457p on a forward looking multiple of 16. A 24 per cent growth rate may not be quite enough, even with the help of a share price lightened by the scrip issue, to sustain this premium to the market.

BOARD MEETINGS

TODAY

Interims: John Kent, Pineapple Group, Portland Holdings, TR City of London Trust.

Finals: Bowater Industries, British Dredging, Brixton Estate, Cussins Property, Erith, Finlay Packaging, Matthew Hall, Higgs and Hill, S. Jerome, Lamont, Lode Care, MS Cash and Carry, Newarthill, Rio Tinto-Zinc, Share Ware, Thame Holdings.

FUTURE DATES

Interims—

Majedie Investments	Apr 28
Tyzack Turner	Apr 10
Finals—	
Carlton Industries	Apr 15
Conder	Apr 10
Morgan Crucible	Apr 13
Norfolk Capital	Apr 15
Northern Foods	June 17
Parambe	Apr 15
Radamec	Apr 13
Renown Inc.	Apr 17
Smaller Companies Internatl. Trust	Apr 16
Steel Brothers	Apr 14
Toye	Apr 16

Friendly Hotels advances and raises £8.6m

Friendly Hotels announced a sharp increase in its pre-tax profits for 1986 from £180,000 to £781,000 on turnover of £6.07m against £1.6m. It also announced a share placing to raise £8.56m net.

Up to 2,137,339 new ordinary shares and 4,274,678 convertible preference shares are being conditionally placed but existing ordinary and convertible preference shareholders are invited to apply for the new shares at 220p per new ordinary, and 100p net preference share.

Application for the new shares may only be made in units comprising one new ordinary and two convertible preference shares.

The gross profit for 1986 was £2.96m (£677,000); distribution costs amounted to £130,000 (nil) and administration costs to £1.98m (£472,000). Other operating income brought in £20,000 (same) while interest payable was £102,000 (£45,000). Tax charged was £125,000 (£37,000) and minority interests £53,000 (nil). There were no extraordinary charges in 1986 (£29,000).

The dividend is raised to 1.2p with a proposed final of 0.7p (single payment of 0.7p) from earnings of 6.4p (2.2p) per share.

Confidence at Aspen as profits soar to £2.1m

Aspen Communications almost doubled its pre-tax profits from £1.11m to £2.11m in 1986, and the final dividend of this USM company is raised from 1.8p to 2.4p for a final of 3.7p net compared with 2.8p.

The directors said the group's organic growth prospects remained excellent.

Results include a full year's contribution from the ACT Preprint companies and the final quarter's results from Sparfax Television Holdings, acquired in September. Sparfax produced the anticipated improved volumes, and last month it was merged with Aspen Television to form Aspen Corporate Communications.

Current volumes were significantly ahead of last year, and the prospects for this division were excellent.

The Cleartone radiotelephone division had an outstanding year with substantial increases in turnover and profits. Second half results at Pensord Press were affected by actions to prepare for the major increase in capacity resulting from the decision to invest approximately £2.8m (before regional grants and loans) in buildings, plant and machinery over the next three years.

Volumes are well ahead of last year in anticipation of new production capacity to be available next month. Prospects for the second half are good.

Magnatech, launched last May, had a good year, producing an overall profit and impressive volume increases. An excellent result is expected from this division in 1987.

Business forms and computer supplies had a year of considerable progress. The merged business forms companies of Walker Computer Forms and the ACT Preprint companies yielded the anticipated improved margins.

The real potential benefits should start to show in the second half of the current year when two new high productivity presses will be operating.

Group turnover for 1986 climbed from £8.1m to £16.75m. Tax took £760,000, against £424,000. Stated earnings per 5p share improved from 9.8p to 16.2p, an increase of 65 per cent.

Year of consolidation at Cowells

Cowells, specialist printer, saw pre-tax profits rise by only £55,000 to £881,000 in 1986. The directors described the year as one of consolidation after the continuous progress since the buy-out in 1982.

Turnover improved from £8.77m to £9.04m, and earnings per share for this USM-quoted company came out at 8p (7.5p). The directors are proposing a final payment of 2p for a total of 3p, against a single final dividend last time of 1.5p.

Interest charges amounted to £55,000 (£66,000) and tax took £298,000 (£279,000). There were extraordinary credits of £2.49m (£7,000 debit).

H. YOUNG HOLDINGS, which has interests in distribution and financial services, achieved a slight increase in pre-tax profits from £589,579 to £591,551 in the six months to January 31 1987 in spite of a £200,000 loss in the wine division. The interim is lifted to 1.3p (1.2p).

APPOINTMENTS

Turner & Newall divisional chairmen

Following the acquisition of AE, TURNER AND NEWALL has changed the responsibilities of its divisional chairmen. Mr David Carruthers has been appointed chairman of: Coopers Payen, Curty, The Glacier Metal Co., SIC Societe Industrielle des Coussinets, AE France, and AE Italy. He is also chairman of Ferodo, Ferodo Italiana and Beral Bremsbelag. Mr Bill Everitt has been appointed chairman of: Hepworth and Granage, Wellworthy, AE Turbine Components, AMAC, AE Autoparts, Brico Engineering, Lydmet, The Tempered Spring Co., and Coopers A.P. Filters. Mr Ronald Somerville has been appointed chairman of: TBA Belting, T-Glass Fibres, The Universal Metallic Packing Co., High Precision Equipment, Fluidrive Engineering Co., Econocruise, and AE Developments. He is also chairman of BIP Chemicals, Flexitallic, Tenmat, TBA Industrial Products, Storeys Decorative Products and T&N Materials Research.

★

DOWTY INFORMATION SYSTEMS has appointed Mr Andy Sceats as executive director for sales. Previously he worked for Case for 10 years where he was director of the international division.

★

Mr Tony Clarke, who heads OFFICIAL AIRLINE GUIDES' European regional operation, has been promoted to general manager and area director for Europe, Africa and the Middle East. He was formerly commercial director for the area.

★

SP TYRES (UK) has appointed Mr Peter Soddy as marketing services director. He joins from Unipart, where he was marketing manager for the UniqueAir division.

★

Mr Michael Armitage has joined the board of MAY GURNEY HOLDINGS as a non-executive director. He was group finance director of Hawker Siddeley Group.

★

Sir Robert Reid, chairman of British Railways Board, became chairman of the NATIONALISED INDUSTRIES' CHAIRMEN'S GROUP in succession to Sir Philip Jones, chairman of the Electricity Council.

★

Sir John Collyear has been appointed a non-executive director of MK ELECTRIC GROUP. It is intended that Sir John, who was until recently chief executive and chairman of AE, will become chairman of MK following the retirement of the present chairman, Mr David Robertson, after the company's annual meeting on July 21.

★

TSB ENGLAND & WALES has appointed two non-executive directors, Mrs Hilary Cropper and Mr Stephen Martin de Bartolome. Both were nominated by the TSB Foundation for England & Wales. Mrs Cropper is managing director of the computing services company F International. Mr de Bartolome was executive chairman of Spear & Jackson until his recent retirement.

★

J. HENRY SCHRODER WAGG & CO has appointed Mr P. Drayton and Mr J. J. Whiticar as directors. Mr R. S. Bernheim, Mr R. S. Birch, Mr G. Bone, Mr D. E. Franklin, Mr P. A. Irving, Mr C. James, Mr N. A. Pantling, Mr R. Paterson, and Mr M. C. Thomas have been appointed assistant directors.

★

THREE QUAYS UNDERWRITING MANAGEMENT, a subsidiary of Cater Allen Holdings, has appointed Mr Christopher Finch as managing director.

★

BENFORD has appointed Mr Graham Musson, sales director, as managing director. Mr Ron Sheward has also ben appointed to the board as manufacturing director.

★

Mr Charles Jacob has retired as managing director of LINVEST SECURITIES and has been succeeded by Mr Peter Watling. Mr Peter Bennett has been appointed a director. Mr Jacob will remain with the company as a consultant.

★

Mr Andrew Davison has been appointed chief executive and managing director of BUSINESS MORTGAGES TRUST, Plymouth. He joins from County Group where he is a director and managing director of County Development Capital.

★

Mr Hubert Faure, former chairman of United Technologies International, has been elected to the board of N. M. ROTHSCHILD & SONS as a non-executive director. He has also been appointed a director of Rothschild & Associates Banque in Paris.

★

CRODA INTERNATIONAL has a new management structure for its cosmetics and toiletries companies following the disbandment of Cromano Consumer Products. A new company—Croda Cosmetics & Toiletries—has been formed with Mr T. A. Brock as managing director. This will consist of The Standard Soap Co with Mr W. P. Crichton as managing director, Kolmar Europe with Mr Franz A. Thalmann as managing director, and Richards & Appleby with Mr T. D. Johnson as managing director.

★

Mr Graham R. S. Lark has been appointed a partner in ROGER LARK & SONS, an associate company of the Sedgwick Group.

★

Mr Terrel Wyatt, at present chairman of Costain, is to join the board of WS ATKINS in August, and will take over as chairman and chief executive before the end of the year.

★

CAPE BUILDING PRODUCTS INTERNATIONAL has appointed Mr J. P. Laird as managing director; Mr L. Dupont as director, European operations; and Mr M. P. Kelley as export director, land sales.

UK COMPANY NEWS

MTM tops £4m and plans growth via acquisitions

Marlborough Technical Management, soon to change its name to MTM, yesterday revealed that its profits for the 1986 year had exceeded the prospectus forecast by 10 per cent.

On the back of a £14.72m improvement in turnover to £33.99m profits at the pre-tax level surged from £1.73m to £4.21m — the speciality chemicals group came to market in the latter part of 1986 forecasting profits of £3.8m.

Exports advanced from £8.65m in 1985 to £15.46m.

The directors said their aim was to increase earnings from organic growth of the existing businesses and by acquisition.

They anticipated that 1987 would see many developments and believed it would be a period of continued growth.

Meanwhile, the dividend for 1986 is the promised 0.7p net per 5p share. Earnings for the period rose from 3.7p to 10.6p. Had the shares been listed for the full year a dividend of 2.7p would have been recommended.

Tax accounted for £812,000 (£598,000) and minorities for £483,000 (£389,000). There were also extraordinary debits of £180,000 (credits £287,000).

In the chemical intermediates sector Pure Organics (acquired in November) has been merged with Chemical Services & Distribution and the agency business. They operate now under MTM Chemicals. Benefits of a major refurbishment and expansion are expected to start to flow through to the sector during the current year.

BNB Chemicals was affected by a downturn in oilfield exploration drilling. However, new products and technology developments in oil production chemicals had enabled the company to expand both its activity and scope in the current year. The group's stake in BNB was stepped up from 45 per cent to 51 per cent in 1986.

Mr Brian Wiggins, who founded MTM some nine years ago with Mr Richard Lines, chief executive, intends to retire from his full time executive role of chairman in June.

He will continue as a non-executive chairman with continuing executive responsibility for acquisitions.

● comment

MTM is no more precise about the source of its profits now than it was at last year's flotation, but investors who have seen a doubling in the share price from an initial 110p just six months ago to yesterday's 226p are likely to find little cause for complaint. About £700,000 of the increase was in first-time contributions from acquisitions, leaving the rest vaguely attributable to the management's undoubted skills in maximising returns from earlier purchases and the expansion of sales in the US and Far East. New products and the returns on a capital investment programme running at £7.5m a year could help push the group to £6m next time, but a rise in the tax charge to 26 per cent will moderate the earnings growth, so the shares are on the highest p/e of the sector at nearly 19. If someone has to be top, it might as well be MTM, but with ICI sitting on 20 per cent of the shares, it is a tight market. Nice stock if you can get it.

Second half gives Ash & Lacy a boost

BY JASON STEGER

Ash & Lacy, manufacturer of perforated metal, steel cladding and galvanisers, pushed pre-tax profits up from £3.01m to £3.26m in the 53 weeks to January 2 1987. Turnover fell from £34.93m to £33.23m.

Mr Fane Vernon, chairman, said the improvement had been largely due to a strong second half showing from the group's perforating and cladding companies. At the midway stage he had expected year-end profits to be of the same order as those for 1985.

Mr Vernon said that shareholders would benefit from the company's improved net cash resources—up from £2.74m to £4.7m—through a proposed final dividend of 13p (10.25p), making a total of 24p, an increase of 3.75p on 1985.

He said that Ash & Lacy Steel Products continued to suffer from strong competition in the cladding field but said that it was widening its range through its joint venture with Huurre Oy of Finland which would manufacture insulated panels under the name of Huurral at Delyn; north Wales.

He expected Huurral's products to make a considerable impact on the market later this year but did not expect a contribution to group profit until next year.

Mr Vane added that Prince Cladding, which Ash & Lacy had acquired in March 1986, had had a better second half and represented an important move forward into high-specification commercial cladding.

Joseph Ash & Son, the group's galvanising operation, had maintained the high level of profit seen in 1985, and thanks to tight cost-control and substantial sales efforts the tank-making division had held its own in a difficult year.

New plant costing more than £800,000 and changes in selling and distribution arrangements had helped the perforators company to more than double its profits.

W&S Allely had succeeded in lifting its tonnage through-put and had so been able to return a strong profit only slightly less than last year's—despite the adverse effects of depressed metal prices in world markets.

Mr Vernon added that the growing cash resources had put the group in a strong position to continue to re-equip, re-develop and re-invest.

Tax charges fell from £1.56m to £1.29m, a drop from 51.8 per cent to 39.6 per cent. After this, earnings rose from 34.5p to 46.8p.

Linread in £5.5m purchase

Linread has strengthened its position in the market for specialist fasteners for the aircraft and automotive industries via the acquisition of Leicester-based Tradeshaw for an initial £5.51m in shares.

Of the 4,541,490 new ordinary Linread shares to be issued, 1,237,705 will be retained by the majority of the vendors for at least two years: the balance is being conditionally placed with certain institutions at 121p per share, subject to clawback by existing shareholders.

A maximum additional £1.04m in cash or shares is payable, dependent on Tradeshaw's profits for the 1987 year.

Tradeshaw and its subsidiaries are known as the North Bridge Group.

Blue Arrow spends

Blue Arrow has agreed to purchase DP Support Services and Tamar for an initial consideration of £3m. Of the initial consideration, £1.5m will be payable in cash, with the balance to be satisfied by the issue of 220,588 Blue Arrow ordinary.

Any deferred consideration payable would be related to DPCC and Tamar's combined profits performance in 1988 and 1989, and satisfied by the issue of Blue Arrow ordinary shares.

Dowty buy

Dowty Group's subsidiary, Dowty Aviation Services Singapore (PTE) has acquired Heli-Orient and FAS Orient for £4.4m cash.

The businesses are based in Singapore and will be merged with DAS, becoming part of the Dowty repair/overhaul facility worldwide. The acquisitions will enable Dowty to broaden its capabilities into helicopter repair and overhaul.

Meggitt disposal

MEGGITT HOLDINGS has reached agreement on the sale of its 29.67 per cent holding in Mechmar Bestobell Berhad for £1.8m. Mechmar Bestobell is a publicly-quoted company formed in 1984 following the merging of Mechmar and the Bestobell companies in Malaysia.

Klark-Teknik improves

After a hiccup in 1985-86 the USM quoted Klark-Teknik, manufacturer of electronic equipment, reported pre-tax profits up 22 per cent from £451,000 to £552,000 in the six months to January 31 1987.

The directors said that the combination of continued demand for existing products and new product development would lead to further growth in profits in the second half of the year. They forecast that the higher rate of expenditure on R and D would produce a significant contribution to turnover and profits over the next twelve to eighteen months.

Dearden Davies Associates was now fully integrated and had achieved its profit targets. It was already establishing market share in the US and the board was forecasting steady growth.

Turnover during the six months rose from £1.25m to £2.08m and tax was £195,000 (£190,000) leaving attributable profits of £357,000 (£261,000). Earnings per 5p ordinary were 2.4p (1.8p) and the interim dividend is raised from 0.4p to 0.5p per share.

Crown TV finance

Darling Downs TV is providing additional finance for Crown Television Productions by acquiring the shareholdings in the company of Greenstar Leisure and Enterprise Television for £1m. The additional finance will be provided by way of unsecured loan notes and in consideration Crown will grant options to subscribe for 2m ordinary at 60p each, exercisable at any time during the years two to four following their grant. The holding being acquired amounts to 2.05m ordinary.

Crown's chairman, Mr Gordon Currie, and Mike Mansfield a non-executive director, will resign from the board at the AGM. Mr Christopher Chataway will become non-executive chairman and Mr Laurie Burrows a non-executive director.

COMMODITIES AND AGRICULTURE

Potato 'squeeze' angers farmers

BY DAVID BLACKWELL

BRITISH POTATO farmers are angry at what they believe is a punitive difference between the physical price for potatoes and the current price on the London Potato Futures Market. They allege that the market is being manipulated by speculators.

They are unhappy with the verdict of last month's official inquiry by the Association of Futures Brokers and Dealers which found no evidence of any attempt to squeeze or corner the market.

Prices rose on the futures market last July as high as £220 a tonne, while prices on the Dutch market were even higher at £270, following fears of a smaller crop than for 1985. Since then Dutch farmers prices have fallen to about £20 a tonne over the physical price, whereas in London they have been kept at a high level.

On the physical market potatoes are selling at £104 a tonne, while futures contracts for the April position, which expires on Friday, have been around £170 recently. The April contract is the busiest because it coincides with the end of the main crop season.

Farmers use the futures market to protect themselves against a sudden fall in prices.

Many farmers who hedged had to make increased margin payments because of last summer's price rise. The mounting interest bills have forced some to cave in and liquidate their positions at losses, in some cases reaching several thousand pounds. In normal circumstances, the farmers might expect to recoup any loss on a hedge through a higher price from his physical sale.

Mr Robin Pooley, chief executive of the Potato Marketing Board, says the fact that the April futures price has remained about [illegible] per cent ahead of physicals is clear evidence of a squeeze on the market. He describes the futures market as "living in the world of Hans Christian Andersen" while farmers were "bleeding to death."

Potato merchants are also worried, fearing that a large delivery of potatoes to the futures market will unsettle the market. Some believe as many as 500 lots could be delivered against the April position—a total of 20,000 tonnes of potatoes—in the three weeks following this Friday.

This would have to be unloaded on the physical market which handles about 80,000 tonnes a week. Mr Pooley said the PMB, which is charged with stabilising the physical market, would take a very serious view indeed if the market were so disrupted. "It would cause the biggest log jam in the 50-year history of the PMB."

But Mr Bill Englebright, joint secretary of the London Potato Futures Association, denies that there is any evidence of a squeeze in the market, which is "very fluid and trading well." If 400-500 lots were delivered, the physical market "would eat that figure" he said.

Many farmers had seen the attraction of the futures market prices and told him that Santa Claus had arrived early. He admitted that there had been a lot of moaning, rumours and innnendo about an alleged squeeze in the market, but pointed out that the official inquiry last month had found no substance in them whatsoever.

Mr Colin Griffin, of Norfolk Farm Produce, which has 1,400 acres down to potatoes with a crop of about 55,000 tonnes, said he believed the market was no longer acting as a hedging market—and claimed the farming industry had lost a fortune through the activities of speculators on the market.

"Is it a market for hedging, or is it a delivery market?" he asked. "I don't want the aggravation of delivery when the product is only worth £100 a tonne."

This would mean denying his traditional merchants any of his potatoes, upsetting a good business relationship, and he would have to buy in potatoes for his farm gate sales.

Teck in copper venture talks

BY BERNARD SIMON IN TORONTO

NEGOTIATIONS ARE well advanced on a plan to expand a pioneering copper mining partnership in the Highland Valley of British Columbia by including a moth-balled mine and mill owned by Teck Corporation of Vancouver.

The Highland Valley project is widely regarded as a model of the benefits which can accrue when separate companies pool neighbouring ore reserves and processing facilities. The negotiations follow the acquisition of a controlling interest in Cominco, the Canadian metals group, by a consortium led by Teck.

Dr Norman Keevil, Teck's president, said that agreement could be reached within a month to add Teck's mill to a joint venture set up last year by Cominco and Lornex, the main shareholder of which is Rio Algom, a subsidiary of Britain's Rio Tinto-Zinc. The addition of the Teck mill will expand the complex's processing capacity by about 50 per cent to 130,000 tonnes of ore a day, making it one of the world's biggest copper producers.

Teck threatened legal proceedings last year after it was left out of the Cominco/Lornex partnership, which gave the Lornex mill access to the high grade Cominco ore body. Last November its bargaining position was strengthened by its acquisition, in partnership with Metallgesellschaft of West Germany and MIM Holdings of Australia, of a controlling interest in Cominco. Metallgesellschaft is also a partner in Teck's Highland Valley mine.

The Teck mill, designed to process copper and molybdenum ore was closed in 1984 as a result of the drop in molybdenum prices. But the mill would be viable if it was given access to Cominco's soft, high grade ore body, which has a minimal molybdenum content. The partners plan to raise the capacity of the Teck mill from 25,000 to 40,000 tonnes a day.

Dr Keevil said that: "Everybody agrees that the assets should be combined, but it's a question of what the deal will be."

The combined project's operating costs will be within the bottom 25 per cent of world copper producers.

Amazon oil and gas discovered

By Ann Charters in Sao Paulo

PETROBRAS, the Brazilian state-owned oil company, has confirmed that promising natural gas and oil deposits have been discovered 400 km from Manaus on the banks of the Urucu River in the Amazon. After six months of drilling, the well-called Luc-1 gushed oil equal to 200 barrels a day and 150,000 cubic metres of gas.

Although the production level appears low compared to the important Campos Basin offshore from Rio de Janeiro which produces 5,000 barrels from each well, the quality of the Amazon petroleum is considered a high grade with excellent refining potential for diesel oil and liquefied petroleum gas.

Despite the proximity of the latest drilling site to another well 14 km away which showed promise last October of supplying 900 barrels daily of oil and 500,000 cubic metres of gas, at least two more drilling sites are necessary to outline the extent of the oil and gas deposits.

Petrobras has formed a work group to evaluate the feasibility of these Amazon wells providing 10,000 barrels a day beginning in 1988. Investment of $150m would be required for producing petroleum at the wells plus removing it.

To get commercial value from the natural gas, Petrobras would process it before transporting it by gas duct to a consuming region or re-inject it into the wells to increase oil production.

Portuguese olive oil board under fire

By Peter Wise in Lisbon

PORTUGAL'S OLIVE Oil Marketing Board has been defrauded out of $21m over the past decade and has wasted ten times that amount in public funds through negligent business practices, Mr Alvaro Barreto, the Agriculture Minister said yesterday.

Mr Barreto said the fraud at the Institute for Olive Oil and Oil Products (IAPO), a state import and marketing monopoly, was uncovered in November and confirmed by investigations carried out by the inspectorate-general of finances and an independent auditor.

The case had been turned over to the High Authority Against Corruption and to the judiciary police and the alleged culprits suspended from their jobs, he said.

Mr Barreto said an investigation had also been ordered into the affairs of Epac, the state grain import and marketing monopoly, on suspicion of financial irregularities.

India concerned over grain crop stagnation

BY K. K. SHARMA IN NEW DELHI

INDIA'S FOODGRAIN production is causing concern because it has stagnated at the level of around 150m tonnes for the last four years, despite substantial investments aimed at increasing output.

In 1986-87, the Ministry of Agriculture expects production to be just 151m tonnes which is 9m tonnes below target, according to the annual report of the Ministry published yesterday.

The report says that the erratic behaviour of the monsoon coupled with heavy floods in parts of South India will mean a setback in paddy production although "course grains" (like barley) are expected to increase in output.

The anticipated production of various crops for the year are: rice 60m tonnes, wheat 49m tonnes, coarse cereals 29m tonnes, pulses (like lentils) 13m tonnes, guar cane 170-175m tonnes, oilseeds 12.5m tonnes, cotton 8m bales and jute and mesta 7.8m bales.

The report notes that the target food grain production by 1990 (the final year of India's seventh five-year plan) has been fixed at between 178m and 183m tonnes.

The Ministry feels "this is achievable" although it will depend on weather conditions. Since India is still dependent on the monsoon for agricultural performance, contingency plans are being made to overcome rain failure.

The major thrust will be on better water management. Simultaneously, efforts for spread of improved technology, including use of high-yielding variety of seeds, will also be made.

Officials point out that, despite the stagnation in foodgrain production, India's food stocks remain high at 25m tonnes and so no scarcities are feared. In fact, India is currently an exporter of wheat and rice.

Brazil faces grain storage problem

By Patrick Knight in Brasilia

AS BRAZIL starts to gather its largest ever grains harvest of 65m tonnes, it is facing an acute storage problem. There is a storage shortage of 13m tonnes in five northwestern states where production has grown fast in recent years. The situation will be extremely tight in several other states.

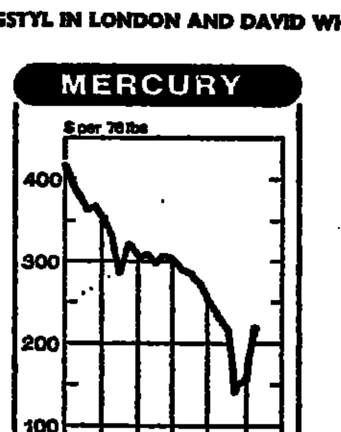
The problem is made acute by the fact that not only do stocks of 7m tonnes of maize and rice occupy storage but imports of these commodities ordered during last year's drought from Argentina, Uruguay and the US are still arriving at Brazilian ports.

Brazil's soya harvest will be a record 16.7m tonnes and there will be 27.5m tonnes of maize, 11m tonnes of rise and 2m tonnes of beans. However, lower than anticipated prices now being paid may result in plantings falling off sharply this year.

Co-operation pays dividends for mercury producers

BY STEFAN WAGSTYL IN LONDON AND DAVID WHITE IN MADRID

MERCURY PRICES have recovered sharply from their lowest levels for several years following agreements between producers in Spain, Algeria and Turkey, which together account for about half the Western world's needs, to co-operate in fixing minimum prices.



The price of the metal has risen more than 40 per cent from a low last year of under $150 a 76 lb flask to more than $210 this week.

Traders in London believe prices could rise further after Spanish and Algerian producers last week agreed to extend a pact made late last year to stop selling metal at free market prices. They raised their fixed prices from $230 to $300 a flask. Finally, they announced that Turkish producers had joined the agreement and would be attending a further meeting to be held later this month in Madrid.

"I don't imagine that they would like to be called a cartel. But there's been a meeting of minds" said a London trader yesterday. Minas de Almaden y Arrayanes, the Spanish state-owned producer, said: "There's no cartel. All that is happening is that the producers are meeting to see how price levels are affecting their losses."

Entreprise Nationale des Non-Ferreux (ENOF) of Algeria said in a statement: "Prices quoted by some specialised publications (on which free market quotations are based) do not reflect accurately the whole market." As a result the producers had decided to sell at a minimum of $300 a flask, which was close to their production cost.

Mercury, or quicksilver as it is sometimes called, is used most extensively in batteries, and in making chlorine, caustic soda and paint, as well in thermometers and tooth fillings. Demand has been sluggish because consumers have been pressing for the development of substitute materials to replace toxic mercury in some uses.

At the same time price competition among producers has been intense with the Soviet Union and, increasingly, China raising exports to the West to earn foreign exchange. According to the US Bureau of Mines' preliminary figures Spain last year produced some 42,000 flasks of mercury out of a world total of 190,000 or so flasks. Algeria produced 23,000 and Turkey 6,000. Soviet output was put at 66,000, Chinese at 20,000 and US at 10,000-plus.

On the face of it, the Spanish, Algerian and Turkish producers might look to have an almost-impossible task in trying to control the market, given the plentiful alternative sources of supply, especially as the levels of Chinese and Soviet exports vary wildly from one year to the next.

However, their chances will be better in 1987 than they might have been last year for two reasons — firstly, the only North American mercury mine, McDermitt, in Nevada, closed in January because it was losing money for its operator, Placer Development, the Canadian group. Finally, the Soviet Union does not seem to have renewed a controversial contract under which it last year sold most of its exports at free market prices to a single commodity trading company, Phibro-Salomon.

Almaden, the Spanish producer, successfully pressed the EEC Commission in Brussels to start an investigation earlier this month into allegations that the Soviets were dumping mercury. Almaden alleged Soviet quicksilver was sold at prices 40 per cent below market prices in the first half of 1986.

If the price increases are sustained China and the Soviet Union might be tempted to play the Mediterranean producers' game and hold mercury off the market. Without such tacit support the Spanish, Algerian and Turkish miners would not seem to be in a strong enough position to dominate the market. The recent experience of cartels, from Opec to the International Tin Agreement, shows that they only succeed if virtually all producers are committed to them.

WEEKLY METALS

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse, 2,310-2,340 (2,320-2,350).

BISMUTH: European free market, min 99.99 per cent, $ per pound, tonne lots in warehouse, 2.05-2.20 (2.10-2.20).

CADMIUM: European free market, min 99.95 per cent, $ per pound, in warehouse, ingots 0.89-0.92 (same), sticks, 0.89-0.92 (same).

COBALT: European free market, 99.5 per cent, $ per pound, in warehouse, 6.00-6.20 (same).

MERCURY: European free market, min. 99.99 per cent, $ per 76 lb flask, in warehouse, 205-220 (203-212).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per pound Mo, in warehouse, 3.03-3.07 (3.07-3.10).

SELENIUM: European free market, min 99.5 per cent, $ per pound, in warehouse, 4.80-5.20 (4.70-5.10).

TUNGSTEN ORE: European free market, standard min 65 per cents, $ per 100 kg unit WO_3, cif, 49-55 (49-54).

VANADIUM: European free market, min 98 per cent V_2O_5, other sources, $ per pound V_2O_5, cif, 2.50-2.53 (2.52-2.55).

URANIUM: Nuexco exchange value, $ per pound U_3O_8, 16.75 (same).

LONDON MARKETS

THERE WAS little to get excited about in the London commodity markets yesterday. Coffee was the only one of the "softs" to register a movement of any size, and even here dealers described trading conditions as "dull." A £17 rise took the July coffee futures position to £1,269 a tonne and extended the rise on the week so far to £23 a tonne. But dealers attributed the gain to technical consolidation following recent sharp losses. They said roaster buying interest appeared to be tailing off and there were no significant offerings from producing countries. The market was awaiting fresh news following the closure by Brazil of May export registrations, they said. The cocoa market meanwhile was confronted by a combination of bullish and bearish factors which left nearby values virtually unchanged. Firm sterling against the dollar and West African producer offers were tending to depress prices while the opposing bullish influence was generated by anticipation of International Cocoa Organisation buffer stock support and reduced Brazilian crop forecasts.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	868-5-70	−1.75	873
3 months	805-5.5	−3	808.5/805.5

Official closing (am): Cash 872-3 (878-9), three months 806.5-6 (809-9.5), settlement 873 (879). Final Kerb close: 805.5-806.5. Turnover: 43,700 tonnes.

COPPER

LEAD

NICKEL

ZINC

TIN

GOLD

SILVER

HEAVY FUEL OIL

INDICES

MAIN PRICE CHANGES

COFFEE

COCOA

POTATOES

SUGAR

FREIGHT FUTURES

MEAT

OIL

GAS OIL FUTURES

US MARKETS

EARLY COMMISSION house buying in gold futures prompted locals to go long, reports Drexel Burnham Lambert. However, prices fell from the highs on liquidation and profit-taking before rallying on trade buying at the lows. Trade selling kept platinum under pressure for most of the day, but in both silver and copper mixed selling was met by local buying and short-covering. Trade buying kept crude oil futures steady in the face of profit-taking and producer selling but volume was not impressive. The influence of light roaster price fix buying touched off steps in coffee futures to steady the market. Local and dealer short-covering contributed to the rally. Cocoa remained in a narrow range around levels of possible buffer stock interventions. Sugar fell on early commission house and trade selling but trade support at the lows saw the market recover on short-covering. Cotton fell on follow-through selling but commission house and trade buying reversed the decline. Good trade buying of the May/July switch and commission house buy stops in July rallied orange juice futures. The grains were steady across the board, mainly on technical considerations. Firmer cash premiums also contributed to the markets' steadiness. Firmer cash hog prices rallied the futures, helping the pork bellies to rally. Cattle futures fell on technical selling.

NEW YORK

CHICAGO

GRAINS

SOYABEAN MEAL

RUBBER

JUTE

هكذا اصل الأصل

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Volcker lifts dollar

THE DOLLAR was very quiet and steady during European morning trading, after losing ground in the Far East, but then recovered to around Monday's closing level on comments in Washington by Mr Paul Volcker, chairman of the Federal Reserve Board.

Speaking before the Senate banking committee Mr Volcker warned against a further large fall in the value of the dollar. He added that the substantial downward adjustment already made should be enough to restore the balance in trade. Mr Volcker also called for a reduction in the US Budget deficit.

Earlier in the day the dollar was undermined by remarks made by Mr Beryl Sprinkel, chairman of President Reagan's Council of Economic Advisers.

He called February's Paris accord on foreign exchange stability a vague statement, and said the US had no objective regarding the value of the dollar.

Comments by Mr Sprinkel and Mr Volcker came at a time of nervousness in the market about the meeting of finance ministers from the major industrial nations, ahead of a gathering of the International Monetary Fund in Washington.

The dollar rose to DM1.8265 from DM1.8250, and to FFr6.0750 from FFr6.0725, but fell to SFr1.5145 from SFr1.5195 and to Y145.30 from Y146.05. On Bank of England figures the dollar's exchange rate index declined to 101.6 from 101.7.

STERLING—Trading range against the dollar in 1987 is 1.6185 to 1.4710. March average 1.5926. Exchange rate index fell 0.4 to 72.3, compared with 68.1 six months ago.

Sterling finished slightly firmer against the dollar, at the highest closing level since January 1983. The pound gained 10 points to $1.6180-1.6190, after trading around the $1.62 level for most of the day.

Sterling rose to DM2.9550 from DM2.9525, but dealers are aware the pound is around the highest levels the Bank of England wishes to see at present, following recent intervention.

It also improved to FFr9.8325 from FFr9.8225, but eased to SFr2.45 from SFr2.4575 and to Y235.25 from Y236.25.

D-MARK—Trading range against the dollar in 1987 is 1.9385 to 1.7870. March average 1.8355. Exchange rate index 146.4 against 141.6 six months ago.

The D-mark traded quietly in Frankfurt. Dealers generally regarded the comments by Mr Beryl Sprinkel as negative as far as the dollar was concerned, noting the US was prepared to see the dollar fall unless West Germany and Japan stimulated economic growth.

It was also feared that after a period of sustained pressure on the dollar against the yen, attention was likely to swing towards the D-mark, which has also been losing ground to the Japanese currency.

The failure of the Bundesbank to cut the interest rate on a tender to supply liquidity to the domestic money market, from the recent level of 3.80 per cent, lent support to the D-mark.

The Bundesbank did not intervene when the dollar was fixed at DM 1.8218 in Frankfurt, compared with DM 1.8243 on Monday.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 145.30. March average 151.41. Exchange rate index 219.6 against 216.1 six months ago.

The yen was firm in Tokyo, but dealers were nervous ahead of the meeting of finance ministers in Washington. The underlying trend was for the yen to rise and the dollar to fall, in expectation of no fresh initiatives to stabilise the foreign exchanges at G7 meeting.

There was a reluctance to hold large positions however, and this helped the Bank of Japan to limit the dollar's decline. The central bank intervened persistently throughout the day, as the US currency slipped to Y145.25 at the Tokyo close, from Y146.00 on Monday.

£ IN NEW YORK

Apr 7	Latest	Previous Close
£ Spot	1.6185-1.6195	1.6175-1.6185
1 month	0.48-0.45 pm	0.47-0.45 pm
3 months	1.32-1.27 pm	1.29-1.26 pm
12 months	4.05-3.95 pm	4.01-3.91 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	A. 7	Previous
8.30 am	72.3	72.5
9.00 am	72.3	72.5
10.00 am	72.3	72.4
11.00 am	72.2	72.4
Noon	72.3	72.4
1.00 pm	72.3	72.4
2.00 pm	72.3	72.4
3.00 pm	72.3	72.4
4.00 pm	72.3	72.4

CURRENCY RATES

Apr. 7	Bank rate %	Special Drawing Rights *	European Currency Unit
Sterling	—	0.79291	0.704034
U.S. Dollar	5.5	1.2844	1.14034
Canadian $	7.15	*	1.49100
Austrian Sch.	4	16.43834	14.6055
Belgian Franc	8	48.4583	43.0995
Danish Krone	7	8.82862	7.83075
Deutsche Mark	3.0	2.3398	2.07828
Neth. Guilder	4½	N/A	2.34512
French Franc	9½	7.7857	6.91391
Italian Lira	11.5	N/A	1480.74
Japanese Yen	2½	186.94	165.464
Norway Krone	8	N/A	7.77430
Spanish Peseta	—	N/A	145.679
Swedish Krona	7	N/A	7.29834
Swiss Franc	3½	N/A	1.72586
Greek Drach.	20½	171.727	152.510
Irish Punt	[illegible]	N/A	0.777331

*CS/SDR rate for April 6: 1.67640

CURRENCY MOVEMENTS

April 7	Bank of England Index	Morgan Guaranty Changes %
Sterling	72.3	−21.2
U.S. Dollar	101.6	−5.7
Canadian Dollar	79.3	−8.8
Austrian Schilling	137.5	+10.0
Belgian Franc	99.9	−4.5
Danish Krone	92.7	+3.2
Deutsche Mark	146.4	+21.3
Swiss Franc	172.3	+22.4
Guilder	134.3	+14.0
French Franc	71.5	−12.8
Lira	47.9	−17.0
Yen	219.6	+63.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Apr. 7	£	$
Argentina	2.4825-2.4940	1.5350-1.5410
Australia	2.2820-2.2850	1.4105-1.4115
Brazil	36.4585-36.6645	22.5430-22.6560
Finland	7.1865-7.1980	4.4440-4.4460
Greece	214.70-218.45	132.45-134.70
Hong Kong	12.6120-12.6245	7.8005-7.8025
Iran	115.50*	71.20*
Korea (Sth)	1361.85-1374.20	842.10-848.90
Kuwait	0.44120-0.44190	0.27290-0.27310
Luxembourg	61.05-61.15	37.70-37.80
Malaysia	4.0345-4.0450	2.4930-2.4950
Mexico	1827.05-1846.05	1130.00-1141.00
N. Zealand	2.8320-2.8395	1.7500-1.7530
Saudi Ar.	6.0630-6.0685	3.7495-3.7505
Singapore	3.4525-3.4595	2.1355-2.1375
S. Af. (Cm)	3.2865-3.3085	2.0360-2.0400
S. Af. (Fn)	4.9825-5.1400	3.0770-3.1745
Taiwan	55.15-55.45	34.10-34.20
U.A.E.	5.9385-5.9495	3.6725-3.6735

*Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu April 7	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0995	+1.37	+0.87	±1.5344
Danish Krone	7.85212	7.83075	−0.27	−0.77	±1.6404
German D-Mark	2.05853	2.07828	+0.96	+0.46	±1.0981
French Franc	6.90403	6.91391	+0.14	−0.36	±1.3674
Dutch Guilder	2.31943	2.34512	+1.11	+0.61	±1.5012
Irish Punt	0.768411	0.777331	+1.16	+0.66	±1.6684
Italian Lira	1483.58	1480.74	−0.19	−0.19	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

Apr. 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6160-1.6220	1.6180-1.6190	0.52-0.49c pm	3.74	1.33-1.28 pm	3.23
Canada	2.1099-2.1204	2.1130-2.1140	0.57-0.47c pm	2.95	1.40-1.28 pm	2.54
Nethrlands	3.32½-3.33¼	3.32¾-3.33¾	1¾-1⅝c pm	4.73	3⅞-3⅝ pm	4.28
Belgium	61.04-61.22	61.05-61.15	18-12c pm	2.95	45-35 pm	2.62
Denmark	11.11¾-11.16¼	11.12½-11.13½	⅛-⅞ore dis	−0.54	1-1⅞ dis	−0.49
Ireland	1.1019-1.1080	1.1040-1.1050	0.25-0.37p dis	−3.37	0.61-0.95 dis	−2.82
W. Germany	2.95-2.96	2.95-2.96	1¾-1½pf pm	6.60	4⅞-4⅝ pm	5.75
Portugal	226.84-228.40	226.85-227.80	80-125c dis	4.36	220-339 dis	−4.92
Spain	206.70-207.30	206.70-207.00	118-140c dis	−7.48	325-366 dis	−6.68
Italy	2099-2106	2103½-2104½	½-par lire pm	0.07	⅜pm-⅛ dis	0.02
Norway	11.02¾-11.08¾	11.04-11.05	3⅞-4⅞ore dis	−4.35	11⅞-12¾ dis	−4.35
France	9.80½-9.83¾	9.82¾-9.83¾	1⅞-1⅛c pm	1.91	4⅛-3¾ pm	1.50
Sweden	10.26¾-10.30¾	10.27¾-10.28¾	⅛pm-1⅛ore dis	−0.58	⅝pm-1⅛ dis	−0.32
Japan	234¾-235¾	234¾-235¾	1⅞-1⅝y pm	6.38	3½-3¼ pm	5.74
Austria	20.72-20.78	20.74-20.77	10¼-9½gro pm	5.85	27⅞-25⅞ pm	5.06
Switzerland	2.44½-2.45½	2.44½-2.45½	1⅝-1⅛c pm	7.35	3⅞-3⅝ pm	6.12

Belgian rate is for convertible francs. Financial franc 61.35-61.45. Six-month forward dollar 2.28-2.23c pm 12-month 4.07-3.97c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Apr. 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6160-1.6220	1.6180-1.6190	0.52-0.49c pm	3.74	1.33-1.28pm	3.23
Ireland†	1.4623-1.4678	1.4645-1.4655	0.95-0.87c pm	7.44	2.37-2.22 pm	6.25
Canada	1.3040-1.3076	1.3050-1.3060	0.07-0.10c dis	−0.78	0.21-0.24 dis	−0.69
Netherlands	2.0530-2.0625	2.0585-2.0595	0.19-0.16c pm	1.02	0.58-0.53pm	1.08
Belgium	37.68-37.83	37.70-37.80	1-4c dis	−0.80	3-8 dis	−0.58
Denmark	6.86¼-6.88½	6.87½-6.88	1.90-2.60ore dis	−3.93	5.90-6.60 dis	−3.64
W. Germany	1.8185-1.8275	1.8260-1.8270	0.42-0.39pf pm	2.67	1.22-1.17 pm	2.62
Portugal	140¾-141½	141-141½	70-120c dis	−8.10	260-330 dis	−8.38
Spain	127.50-128.00	127.80-127.90	105-115c dis	−10.34	300-320 dis	−9.71
Italy	1296-1302	1299¾-1300¼	3.10-3.60lire dis	−3.10	9-11dis	−3.08
Norway	6.80¾-6.82¾	6.82¼-6.82¾	4.40-4.90ore dis	−8.18	12.80-13.30dis	−7.66
France	6.05¾-6.08	6.07¼-6.07¾	0.85-1.05c dis	−1.88	2.40-2.70 dis	−1.68
Sweden	6.33½-6.36	6.35-6.35½	1.97-2.27ore dis	−4.01	5.90-6.10dis	−3.72
Japan	144.85-145.45	145.25-145.35	0.34-0.30y pm	2.64	0.98-0.93 pm	2.63
Austria	12.78¾-12.83¾	12.82¾-12.83	2.50-2.00gro pm	2.11	6.50-5.50 pm	1.88
Switzerland	1.5095-1.5155	1.5140-1.5150	0.48-0.43c pm	3.61	1.14-1.09 pm	2.95

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 37.90-38.00.

EURO-CURRENCY INTEREST RATES

Apr. 7	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	9⅞-10⅛	10⅛-10⅜	9⅞-10⅛	9⅝-9¾	9½-9⅝	9½-9⅝
U.S. Dollar	6⅛-6¼	6⅛-6¼	6⅛-6¼	6¼-6⅜	6½-6⅝	6⅝-6¾
Can. Dollar	6⅞-6⅞	6¾-7	6⅞-6⅞	7-7⅛	7-7⅛	7⅛-7¼
D. Guilder	5⅛-5⅜	5⅛-5¼	5⅛-5¼	5⅛-5¼	5⅛-5⅜	5¼-5⅜
Sw. Franc	1-1¼	1-1¼	3-3¼	3⅜-3⅝	3⅜-3⅝	3½-3⅝
Deutschmark	3⅝-3¾	3⅞-3⅞	3¾-3⅞	3⅞-3⅞	3⅞-3⅞	3⅞-4⅛
Fr. Franc	7⅞-8	7⅞-8⅛	8-8⅛	8⅛-8¼	8⅛-8¼	8⅛-8⅜
Italian Lira	8-10	8¾-9½	9¼-9¾	9¼-9¾	9½-9⅞	10⅛-10⅜
B. Fr. (Fin.)	7-7¼	7⅛-7⅜	7⅛-7⅜	7⅛-7⅜	7⅛-7½	7⅜-7⅝
B. Fr. (Con.)	6⅞-7⅛	6⅞-7⅛	7⅛-7½	7¼-7½	7⅜-7½	7⅜-7⅝
Yen	3⅛-3⅜	3⅞-3⅞	3⅞-3⅞	3⅞-4	3⅞-4	3⅞-4
D. Krone	9⅜-10¼	10⅛-10⅜	10⅛-10⅜	10⅛-10⅜	10⅛-10⅜	10⅛-10⅜
Asian $ (Sing.)	3⅛-4	N/A	3⅜-3½	3⅜-3½	3½-3⅝	3⅝-3⅞

Long-term Eurodollars: Two years 6⅞-7⅛ per cent; three years 7¼-7½ per cent; four years 7½-7¾ per cent; five years 7¾-8 per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Apr. 7	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.619	2.955	235.3	9.833	2.450	3.333	2104.	2.114	61.00
$	0.618	1.	1.827	145.3	6.075	1.515	2.059	1300.	1.306	37.75
DM	0.338	0.548	1.	79.61	3.327	0.829	1.128	712.0	0.715	20.68
YEN	4.251	6.880	12.56	1000.	41.80	10.41	14.17	8944.	8.984	259.7
F Fr.	1.017	1.646	3.005	239.3	10	2.492	3.389	2140.	2.150	62.14
S Fr.	0.408	0.661	1.206	96.02	4.013	1.	1.360	858.8	0.863	24.94
H Fl.	0.300	0.486	0.887	70.59	2.950	0.735	1.	631.4	0.634	18.33
Lira	0.475	0.769	1.404	111.8	4.673	1.164	1.584	1000.	1.005	29.04
C $	0.473	0.766	1.398	111.3	4.652	1.159	1.577	995.5	1.	28.91
B Fr.	1.637	2.649	4.836	385.0	16.09	4.010	5.454	3444.	3.459	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Gilts lose ground

LONG TERM gilt futures fell to close almost at the day's low on the London International Financial Futures Exchange yesterday.

Dealers described the market as good, as far as trading range and volume were concerned, but lacking new factors or fresh incentives.

Japanese buying of gilts overnight gave the June contract a firm start at 124-10, and futures were also underpinned initially by a steady performance by sterling against the dollar and D-Mark.

On the other hand the weakness of the dollar, before a turnround on remarks made by Mr Paul Volcker, chairman of the Federal Reserve Board, hit US Treasury bond futures, and fed through to depress long term gilts.

Mr Volcker's testimony, before the Senate banking committee created nervousness, but dealers said his comments about the danger of a weaker dollar and the need to cut the US Budget deficit only repeated known views.

Gilt futures failed to gain any further benefit from more encouraging public opinion polls for the Government, showing the Conservatives comfortably in the lead.

It was feared all the good news that can be reasonably expected on the economy and the political front was already in the market. Dealers suggested support for Labour was at such low level, it may bounce higher.

In the absence of new factors June delivery long term gilts drifted down to a low 123-22, before closing at 123-23, compred with 124-07 on Monday.

June three-month sterling deposits also finished just above the day's low at 90.71, compared with 90.78 at the previous close, as hopes of a May general election finally evaported, and the market saw little prospect of an immediate cut in UK bank base rates.

US Treasury bonds for June delivery closed around the middle of the day's range, recovering as the dollar moved up.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last Sept	Puts—Last June	Puts—Last Sept
112	11.48	11.63	0.02	0.17
114	9.52	10.12	0.06	0.30
116	7.54	8.31	0.08	0.49
118	5.62	6.59	0.16	1.13
120	4.19	5.35	0.37	1.51
122	2.53	4.19	1.07	2.37
124	1.50	3.16	2.04	3.34
126	0.62	2.25	3.16	4.43

Estimated volume total, Calls 1,951 Puts 705
Previous day's open int: Calls 20,702 Puts 11,689

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last Sept	Puts—Last June	Puts—Last Sept
92	5.55	5.54	0.05	1.08
94	4.04	4.31	0.18	1.49
96	2.34	3.11	0.48	2.29
98	1.17	2.04	1.31	3.22
100	0.33	1.23	2.47	4.41
102	0.11	0.54	4.25	6.08
104	0.03	0.32	6.17	7.50
106	0.01	0.18	8.15	9.36

Estimated volume total, Calls 50 Puts 12
Previous day's open int: Calls 248 Puts 368

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Apr	Calls—Last May	Puts—Last Apr	Puts—Last May
19250	10.76	11.96	0.41	1.61
19500	8.41	10.10	0.76	0.25
19750	6.67	8.40	1.32	3.05
20000	4.97	6.88	2.12	4.03
20250	3.55	5.56	3.20	5.20
20500	2.43	4.40	4.58	6.55
20750	1.58	3.43	6.23	8.08
21000	0.98	2.62	8.13	9.77

Estimated volume total, Calls 10 Puts 0
Previous day's open int: Calls 305 Puts 250

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls—Last Apr.	Calls—Last May	Calls—Last June	Calls—Last Sept.	Puts—Last Apr.	Puts—Last May	Puts—Last June	Puts—Last Sept.
1.30	—	—	31.80	31.80	—	—	[illegible]	1.60
1.35	—	—	26.80	26.80	—	—	[illegible]	1.05
1.40	21.80	21.80	21.80	21.80	0.00	0.00	[illegible]	1.50
1.45	16.80	16.80	16.80	16.80	0.00	0.00	[illegible]	1.00
1.50	11.80	11.80	11.80	11.80	0.00	0.01	[illegible]	2.00
1.55	6.80	6.80	6.80	7.06	0.00	0.23	[illegible]	4.00
1.60	1.90	2.64	3.10	4.21	0.17	1.41	[illegible]	6.90

Estimated volume total, Calls 0 Puts 0
Previous day's open int, Calls 1,383, Puts 1,588

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last Apr.	Calls—Last May	Calls—Last June	Calls—Last Sept.	Puts—Last Apr.	Puts—Last May	Puts—Last June	Puts—Last Sept.
1.400	21.50	—	21.50	21.50	—	—	[illegible]	—
1.450	16.50	16.50	16.50	16.50	—	—	[illegible]	—
1.475	14.00	14.00	14.00	24.50	—	—	[illegible]	—
1.500	11.50	11.50	11.50	11.50	—	—	[illegible]	—
1.525	9.00	9.00	9.00	9.00	—	—	[illegible]	—
1.550	6.40	6.50	6.50	6.90	—	0.10	[illegible]	—
1.575	4.00	4.10	4.20	5.20	—	0.35	[illegible]	—

Previous day's open int: Calls 76,201 Puts 52,720
Previous day's volume, Calls 3,677 Puts 7,126

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
June	123-23	124-19	123-22	124-07
Sept.	123-23	—	—	124-07
Dec.	123-24	—	—	124-08

Estimated volume 27,374 (34,650)
Previous day's open int. 22,273 (21,933)

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev.
March	—	—	—	—

Estimated Volume 0 (0)
Previous day's open int. 0 (0)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
June	90.71	90.79	90.70	90.78
Sept.	90.96	91.04	90.96	91.04
Dec.	91.02	91.09	91.02	91.08
Mar.	90.89	90.97	90.89	90.98
June	90.76	—	—	90.83

Estimated Volume 3,523 (4,598)
Previous day's open int. 24,585, (24,469)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
June	202.85	204.00	202.05	203.80
Sept.	207.35	—	—	208.38

Estimated volume 992 (1,931)
Previous day's open int. 3,782 (3,707)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
June	93.33	93.34	93.30	93.36
Sept.	93.26	93.28	93.25	93.30
Dec.	93.18	93.19	93.17	93.22
March	93.04	93.05	93.00	93.08
June	92.84	92.85	92.83	92.88
Sept.	92.62	92.60	92.60	92.67
Dec.	92.40	92.38	92.38	92.45

Estimated volume 4,345, (4,295)
Previous day's open int. 25,549, (25,162)

U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
June	97-23	97-31	97-18	98-02
Sept.	96-23	—	—	97-00

Estimated Volume 4,110, (3,595)
Previous day's open int. 3,893, (4,574)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sep.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	94.22	94.22	94.20	94.25
Mar.	94.11	94.11	94.10	94.15

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
June	0.6648	0.6664	0.6641	0.6630
Sep.	0.6686	0.6703	0.6683	0.6672
Dec.	0.6735	0.6740	—	0.6715

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	0.6885
Sept.	[illegible]	[illegible]	[illegible]	0.6931
Dec.	[illegible]	[illegible]	[illegible]	0.6978
Mar.	[illegible]	[illegible]	[illegible]	0.7027

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	0.5504
Sept.	[illegible]	[illegible]	[illegible]	0.5540
Dec.	[illegible]	[illegible]	[illegible]	0.5577

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	93.35
Sept.	[illegible]	[illegible]	[illegible]	93.30
Dec.	[illegible]	[illegible]	[illegible]	93.22
Mar.	[illegible]	[illegible]	[illegible]	93.08
June	[illegible]	[illegible]	[illegible]	92.88
Sept.	[illegible]	[illegible]	[illegible]	92.66
Dec.	92.38	92.39	92.37	92.43
Mar.	92.17	92.18	92.16	92.22

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
June	305.85	306.10	302.40	304.05
Sept.	307.85	307.95	304.45	306.00
Dec.	309.60	309.80	306.50	308.00
Mar.	310.80	311.00	310.31	309.30

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6185	1.6135	1.6055	1.5960	1.5783

IMM—STERLING $s per £

	Latest	High	Low	Prev
June	1.6080	1.6105	—	1.6100
Sept.	1.5970	1.6015	1.5970	1.6000
Dec.	—	—	—	1.5910
Mar.	—	—	—	1.5050

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.6080	1.6100	1.6100	1.6085
Sept.	1.5980	—	—	1.5985
Dec.	1.5890	—	—	1.5885

Estimated volume 8 (36)
Previous day's open int. 219 (222)

MONEY MARKETS

UK rates steady

INTEREST RATES were little changed on the London money market yesterday. Three-month interbank was steady at 9⅝-9¾ per cent as dealers waited for the outcome of talks among finance ministers from the leading industrial nations, before deciding whether another cut in UK bank base rates is likely in the near future.

Sterling was firm, holding on to levels of around $1.62 and DM 2.95, as financial markets in general continued to be cheered by public opinion polls showing a comfortable lead for the Conservative Party.

The Bank of England initially forecast a money market shortage of £800m, but revised this to £850m at noon, and to £900m in the afternoon. Total help provided by the authorities was £713m.

UK clearing bank base lending rate 10 per cent since March 18-19

Before lunch the Bank of England bought £224m bills outright by way of £27m bank bills in band 1 at 9⅞ per cent; £21m bank bills in band 2 at 9 13/16 per cent; £3m Treasury bills in band 3 at 9¾ per cent; £2m local authority bills in band 3 at 9¾ per cent; and £171m bank bills in band 3 at 9¾ per cent.

In the afternoon the authorities purchased another £284m bills outright, through £100m bank bills in band 1 at 9⅞ per cent; £56m bank bills in band 2 at 9 13/16 per cent; £112m bank bills in band 3 at 9¾ per cent; and £16m bank bills in band 4 at 9 11/16 per cent.

Late assistance of around £205m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £250m, with the unwinding of repurchase agreements absorbing £814m, and Exchequer transactions another £65m. These outweighed a fall in the note circulation adding £35m to liquidity and bank balances above target by £110m.

In Frankfurt the West German Bundesbank disappointed the money market by offering a 28-day securities repurchase agreement tender at 3.80 per cent, unchanged from the rate on earlier agreements.

Market liquidity is generally regarded as more than adequate, and it is expected the Bundesbank will allocate less than the DM 14.9bn draining from the market today, as an earlier agreement expires.

In Tokyo the Bank of Japan is to sell today Y800bn worth of financing bills, to partly absorb an expected money market credit surplus of Y1,300bn. Half the total will yield 3.8502 per cent on a 41-day repurchase agreement, and the other Y400m will yield 3.7991 per cent on a 20-day agreement.

The surplus is the result of government disbursements to local governments.

FT LONDON INTERBANK FIXING

(11.00 a.m. April 7) 3 months U.S. dollars		6 months U.S. dollars	
bid 6 ⅜	offer 6 ½	bid 6 ⅝	offer 6 ¾

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (4 pm)

		Treasury Bills and Bonds	
Prime rate	7½	One month	[illegible]
Broker loan rate	[illegible]	Two month	[illegible]
Fed. funds	[illegible]	Three month	[illegible]
Fed. funds at intervention	[illegible]	Six month	[illegible]
		One year	[illegible]
		Two year	[illegible]
		Three year	6.82
		Four year	7.01
		Five year	7.11
		Seven year	7.39
		10 year	7.56
		30 year	7.87

Apr. 7	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.0
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7¾
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—

LONDON MONEY RATES

Apr. 7	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9½
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9½
Discount Mkt Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9⅝
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9⅝
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.60-6.65
SDR Linked Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6⅛-6
ECU Linked Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7⅛-6⅞

Treasury Bills (sell): one-month 9 [illegible] per cent; three months 9 [illegible] per cent; Treasury Bills: Average tender rate of discount 9.5195 p.c. ECGD Fixed Finance Scheme IV reference date February 28 to March 31 (inclusive): 10.053 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10¼ per cent from April 1, 1987: Bank Deposit Rates for sums at seven days' notice [illegible] per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month [illegible] per cent; one-three months [illegible] per cent; three-six months [illegible] per cent; six-nine months [illegible] per cent; nine-12 months [illegible] per cent. Under £100,000 [illegible] per cent from March 18. Deposits held under Series 5 10¼ per cent. Deposits withdrawn for cash 5 per cent.

Company Notices

NOTICE OF REDEMPTION

To the Holders of

TIME-LIFE OVERSEAS FINANCE CORPORATION N.V.

10¾% Guaranteed Notes due January 26, 1990

NOTICE IS HEREBY GIVEN on behalf of Time-Life Overseas Finance Corporation N.V. (the "Company"), pursuant to the terms of the Company's 10¾% Guaranteed Notes due January 26, 1990 (the "Notes") and the Fiscal Agency Agreement dated as of January 26, 1983 among the Company and Time Incorporated, as Guarantor, and Chemical Bank, as Fiscal Agent and Paying Agent, that $100 million in principal amount of the Notes, constituting all of the outstanding Notes, have been called for redemption on May 5, 1987 (the "Redemption Date"), at a redemption price of 101.5% of their principal amount plus accrued interest through the Redemption Date.

On May 5, 1987, the Redemption Date, the Notes will become due and payable at the aforementioned redemption price and will be paid, (a) in the case of Notes in bearer form, upon presentation and surrender thereof together with all coupons appertaining thereto maturing subsequent to the Redemption Date, at the option of the holder, at the main office of Chemical Bank in London, Frankfurt am Main, Paris and Zurich, the main offices of Banque Generale du Luxembourg S.A. in Luxembourg and the main office of Kredietbank N.V. in Brussels (each, a "non-U.S. paying agent"), and (b) in the case of Notes in registered form, upon presentation and surrender thereof at the principal corporate trust office of Chemical Bank in New York (the "U.S. paying agent"). Notes in bearer form shall be presented for redemption accompanied by all unmatured coupons, failing which the amount of the missing unmatured coupons will be deducted from the sum due for payment. Payments will be made by a United States dollar check drawn on a bank in New York City or in London or by a transfer to a United States dollar account maintained by the payee with a bank in New York City.

Coupons which mature on or before the Redemption Date should be detached and surrendered for payment in the usual manner. On and after the Redemption Date, interest will cease to accrue on the Notes, and any coupons appertaining thereto maturing subsequent to the Redemption Date will be void.

Any payment on the Notes made by (a) the U.S. paying agent, or (b) a non-U.S. paying agent by transfer to an account maintained by a payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service ("IRS") and to backup withholding at a rate of 20% if the payee fails to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person, or an executed IRS Form W-9, certifying under penalties of perjury as to the payee's taxpayer identification number (employer identification number or social security number, as appropriate) and, if applicable, that the payee is exempt from backup withholding. Additional information reporting and withholding requirements may apply under non-U.S. laws to payments on the Notes. It is recommended that the holders consult with their own tax advisors as to the consequences of the redemption of the Notes, including certfication(s) to complete when presenting the Notes for payment.

Dated: March 31st, 1987
Time-Life Overseas Finance Corporation N.V.
By: Chemical Bank, Fiscal Agent.

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

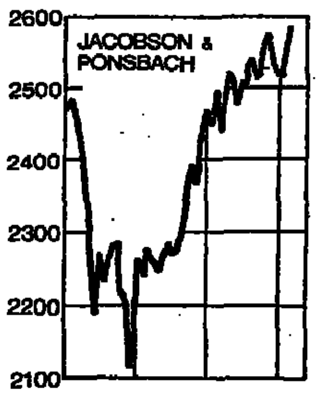
Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY APRIL 7 1987					DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	1986/87 High	1986/87 Low	Year ago
Australia (94)	128.29	+0.1	117.52	120.40	2.92	128.29	70.18	87.38
Austria (16)	93.83	+0.4	85.95	88.87	1.80	101.62	70.60	77.94
Belgium (47)	117.22	+0.0	107.38	109.71	4.24	118.92	53.75	76.78
Canada (131)	136.07	-0.1	124.65	128.63	2.15	136.17	86.58	97.82
Denmark (39)	113.62	+0.6	104.07	106.28	2.37	124.10	87.87	100.23
France (122)	118.11	-1.5	108.19	112.55	2.30	120.79	57.72	81.11
West Germany (90)	95.33	-0.9	87.33	90.52	2.06	100.33	74.48	87.05
Hong Kong (45)	105.87	-0.5	96.98	106.04	3.23	114.71	62.87	69.47
Ireland (14)	123.37	+0.4	113.01	118.66	3.59	131.44	62.33	87.04
Italy (76)	103.28	-0.6	94.60	100.27	1.57	108.30	46.07	74.93
Japan (458)	136.69	+1.0	125.21	125.54	0.52	136.69	49.46	66.21
Malaysia (36)	134.08	-0.1	122.82	128.78	3.01	135.38	66.67	71.74
Mexico (14)	147.20	-4.2	134.84	182.74	1.12	157.12	43.00	54.63
Netherland (38)	118.24	+0.8	108.31	111.12	3.98	118.24	74.14	82.95
New Zealand (27)	94.66	+0.0	86.71	88.04	3.08	100.59	47.37	62.19
Norway (25)	129.80	+0.5	118.90	120.24	2.00	129.80	90.02	101.43
Singapore (27)	120.00	-0.4	109.92	118.15	3.17	122.51	55.94	56.71
South Africa (61)	162.79	+0.6	149.12	111.22	3.57	175.51	69.06	101.16
Spain (43)	108.51	-0.1	99.40	105.10	3.89	121.31	45.00	72.84
Sweden (33)	116.47	+0.8	106.69	109.53	2.20	116.47	63.35	85.44
Switzerland (51)	99.07	-0.3	90.75	93.02	1.82	104.06	69.01	78.06
United Kingdom (342)	130.10	-0.1	119.17	119.17	3.57	133.88	75.39	98.71
USA (598)	121.88	-1.6	111.65	121.88	3.00	124.06	85.46	98.07
Europe (936)	115.00	-0.3	105.34	107.52	2.93	115.39	69.36	88.27
Pacific Basin (687)	135.19	+0.9	123.84	124.58	0.68	135.19	51.10	66.99
Euro-Pacific (1623)	127.14	+0.5	116.46	117.76	1.49	127.14	58.45	75.37
North America (729)	122.63	-1.5	112.34	122.27	2.95	124.60	85.61	98.07
World Ex. US (1829)	127.86	+0.4	117.12	118.15	1.55	127.86	60.02	76.44
World Ex. UK (2085)	125.09	-0.4	114.59	119.77	1.95	125.57	69.65	83.64
World Ex. So. Af. (2366)	125.29	-0.4	114.77	119.74	2.08	125.74	69.95	84.82
World Ex. Japan (1969)	120.23	-1.1	110.13	116.78	2.95	121.52	79.87	93.88
The World Index (2427)	125.53	-0.4	114.99	119.69	2.10	125.97	70.14	84.92

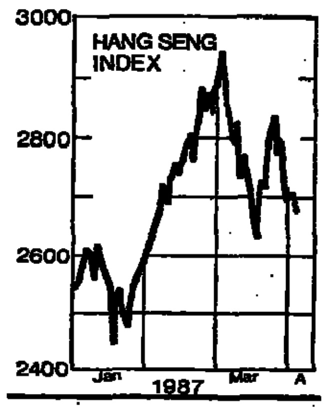
Base values: Dec 31, 1986 = 100

3.00 p.m. New York prices.

SWEDEN



HONG KONG



EUROPEAN OPTIONS EXCHANGE

Series		May 87 Vol.	May 87 Last	Aug 87 Vol.	Aug 87 Last	Nov 87 Vol.	Nov 87 Last	Stock
GOLD C	$420	39	10.50	20	23	28	33	$419
GOLD C	$440	28	4.50	86	13.50	22	23	"
GOLD C	$460	20	2.50	—	—	173	15	"
GOLD P	$370	—	—	—	—	100	3	"
GOLD P	$380	—	—	95	2.50	—	—	"
GOLD P	$390	10	1.30	145	4	—	—	"
GOLD P	$400	—	—	160	6.50	—	—	"
GOLD P	$420	65	8	—	—	—	—	"
		Jun 87		Sep 87		Dec 87		
SILVER C	$600	20	80A	—	—	—	—	$668
SILVER C	$650	30	45	—	—	3	60	"
SILVER C	$700	28	20A	7	34A	19	45A	"
SILVER P	$650	58	22	—	—	1	35	"
SILVER P	$700	12	46	—	—	5	45	"
£/Fl P	Fl.310	—	—	20	2.70	—	—	Fl.333.41
£/Fl P	Fl.325	—	—	20	7.50	—	—	"
		Apr 87		May 87		Jun 87		
$/Fl C	Fl.205	—	—	65	3.20	16	3.80	Fl.206.15
$/Fl C	Fl.210	1	0.40A	66	1.20B	41	2	"
$/Fl C	Fl.215	—	—	—	—	2	0.90	"
$/Fl P	Fl.220	—	—	—	—	19	0.60	"
$/Fl C	Fl.240	—	—	—	—	135	0.10	"
$/Fl C	Fl.245	—	—	—	—	20	0.10	"
$/Fl P	Fl.190	—	—	—	—	17	0.50	"
$/Fl P	Fl.200	150	0.50	—	—	3	2A	"
$/Fl P	Fl.205	32	1.40	—	—	10	4	"
		Sep 87		Dec 87		Mar 88		
$/Fl C	Fl.205	7	5.90	50	7.50	9	8.60	Fl.206.15
$/Fl C	Fl.210	—	—	—	—	1	6.70	"
$/Fl C	Fl.215	—	—	2	3.60	10	4.80	"
$/Fl C	Fl.220	—	—	26	2.60	—	—	"
$/Fl P	Fl.200	—	—	1	6.10	—	—	"
$/Fl P	Fl.205	—	—	1	8.10	—	—	"
		Apr 87		Jul 87		Oct 87		
ABN C	Fl.540	577	6.90	396	19.20	94	25	Fl.538
ABN P	Fl.520	102	2.60	98	12.50	36	23	"
AEGON C	Fl.100	133	0.40B	734	2.70	—	—	Fl.94.20
AEGON P	Fl.90	120	0.80	5	3.50A	21	5.20	"
AHOLD C	F110	121	3.60	183	68	3	8.50	Fl112.50
AHOLD P	Fl.110	36	1.50	271	5.90	—	—	"
AKZO C	Fl.140	504	2	487	5.20	250	8.20	Fl.139.60
AKZO P	Fl.140	199	2.40	216	8.80	28	10	"
AMEV C	Fl.70	353	2.60	258	5	27	68	Fl.72.50
AMEV P	Fl.70	22	0.90	15	2.90	27	3.60	"
AMRO C	Fl.85	595	2.30	569	4.70	90	6.50	Fl.86.70
AMRO P	Fl.85	403	2	22	3.10	60	5	"
ELSEVIER C	Fl.260	209	6.30	181	14.50	1	20	Fl.264
ELSEVIER P	Fl.250	71	1.70	22	7.50	12	10	"
GIST-BROC. C	Fl.45	1645	1.90	446	3.50B	97	4.50	Fl.46.40
GIST-BROC. P	Fl.45	73	0.80	74	2.40	88	3.30	"
HEINEKEN C	Fl.180	178	2	418	6	113	8.80	Fl.177.50
HEINEKEN P	Fl.180	150	5	47	8.70	—	—	"
HOOGOVENS C	Fl.35	215	2.20	45	3.60	27	4.50	Fl.36
HOOGOVENS P	Fl.35	221	1.20	119	3.50	5	4.70	"
KLM C	Fl.45	478	0.20	407	1.90	86	2.80	Fl.43
KLM P	Fl.40	181	0.30	10	1.60	20	2.80	"
NED. LLOYD C	Fl.180	227	4	173	6.70	12	9.50	Fl.180
NED. LLOYD P	Fl.180	34	4.50	9	13.10	—	—	"
NAT. NED C	Fl.80	371	1.10	487	4.20	267	5.20	Fl.79
NAT. NED. P	Fl.75	72	0.60	166	2.70	—	—	"
PHILIPS C	Fl.50	8209	3	2109	4	441	5.40	Fl.53.10
PHILIPS P	Fl.45	1286	0.10	99	0.80	194	1.20	"
ROYAL DUTCH C	Fl.250	662	6.50	634	9	404	10.50	Fl.254.60
ROYAL DUTCH P	Fl.240	396	1.20	147	7.20	172	10.50	"
ROBECO C	Fl.100	51	3.40	6	3.50	3	4.40A	Fl.103.40
ROBECO P	Fl.110	—	—	20	9	—	—	"
UNILEVER C	Fl.600	381	8.50	465	20	301	27	Fl.598.50
UNILEVER P	Fl.560	9	0.50	95	7.50B	34	12	"

TOTAL VOLUME IN CONTRACTS: 71,748

A=Ask B=Bid C=Call P=Put

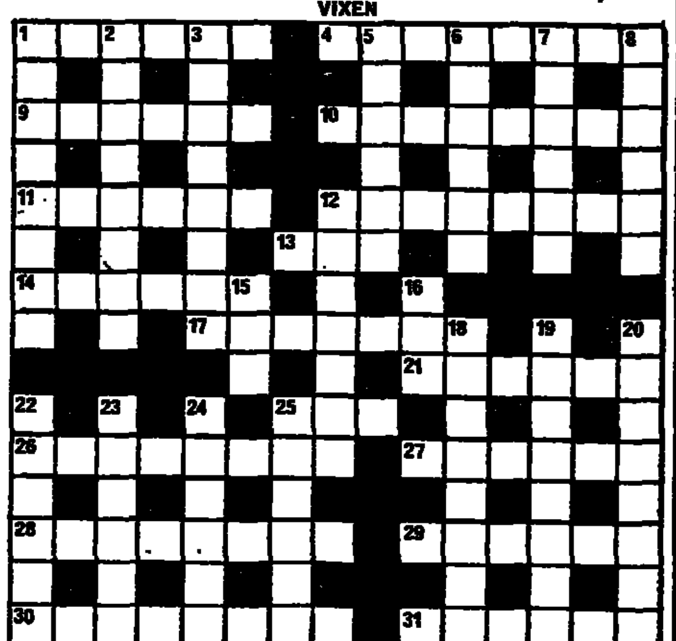
BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	● Morgan Grenfell	10
Adam & Company	10	Citibank NA	10	Mat Credit Corp. Ltd.	10
Allied Arab Bk Ltd.	10	Citibank Savings	¶12.45	Nat Bk. of Kuwait	10
Allied Dunbar & Co.	10	City Merchants Bank	10	National Girobank	10
Allied Irish Bank	10	Clydesdale Bank	10	Nat Westminster	10
American Exp. Bk	10	Comm. Bk. N. East	10	Northern Bank Ltd	10
Amro Bank	10	Consolidated Cred	10	† Norwich Gen. Trust	10
Henry Ansbacher	10	★ Co-operative Bank	10	PK Finans. Intl (UK)	$10\frac{1}{2}$
ANZ Banking Group	10	Cyprus Popular Bk	10	Provincial Trust Ltd.	11
Associates Cap Corp	11	Duncan Lawrie	10	R. Raphael & Sons	10
Authority & Co Ltd	$10\frac{1}{2}$	E. T. Trust	11	Roxburghe G'rantee	$10\frac{1}{2}$
Banco de Bilbao	10	Equator'l Tst C'p plc	10	Royal Bk of Scotland	10
Bank Hapoalim	10	Exeter Trust Ltd.	$10\frac{1}{2}$	Royal Trust Bank	10
Bank Leumi (UK)	10	Financial & Gen. Sec	10	Standard Chartered	10
Bank Credit & Comm	10	First Nat. Fin. Corp	11	Trustee Savings Bank	10
Bank of Cyprus	10	First Nat. Sec. Ltd	11	UDT Mortgage Exp.	¶12.25
Bank of Ireland	10	● Robert Fleming & Co.	10	United Bk of Kuwait	10
Bank of India	10	Robert Fraser & Ptrs	$11\frac{1}{2}$	United Mizrahi Bank	10
Bank of Scotland	10	Grindlays Bank	‡10	Unity Trust PLC	$9\frac{1}{2}$
Banque Belge Ltd.	10	● Guinness Mahon	10	Westpac B'nking Corp	10
Barclays Bank	10	HFC Trust & Savings	10	Whiteaway Laidlaw	$10\frac{1}{2}$
Benchmark Tst Ltd.	10	● Hambros Bank	10	Yorkshire Bank	10
Beneficial Trust Ltd.	11	Heritable & Gen. Tst.	10		
Berliner Bank AG	10	● Hill Samuel	§10		
Brit. Bk. of Mid. East	10	C. Hoare & Co.	10		
● Brown Shipley	10	Hongkong & Shangh'	10		
Business Mortgage Tst.	10	Lloyds Bank	10		
CL Bank Nederland	10	Mase Westpac Ltd.	10		
Canada Permanent	10	Meghraj & Sons Ltd.	10		
Cayzer Ltd	10	Midland Bank	10		

● Members of the Accepting Houses Committee. ★ 7-day deposits 5.35%. Savewise 8.03%. Top Tier—£2,500+ at 3 months' notice 9.38%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over $5\frac{1}{4}$% gross. ¶ Mortgage base rate. § Demand deposit 5.35%. Mortgage 11.25%.

F.T. CROSSWORD PUZZLE NO. 6,298

VIXEN



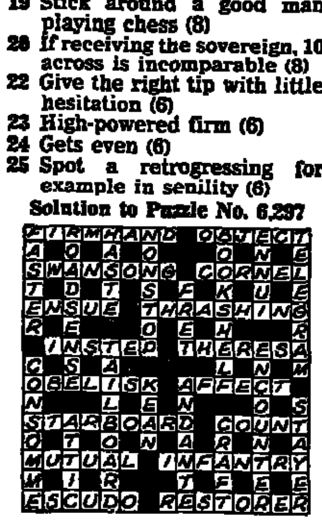
ACROSS

1 Equip in flexible fashion (6)
4 Property owner making pounds and pounds on ring road (8)
9 Far from good perfume is brought back by a pupil (6)
10 Eminent lady writing tot a letter (8)
11 Assumes an appealing attitude (6)
12 Maybe steer around left with some craft when unsettled (8)
13 Company routine (3)
14 Giving one hundred in a bird sanctuary is most kind (6)
17 Put in order and paid for it (7)
21 Guys one finds a threat (6)
25 Leader of the French—unknown character (3)
26 The story of possibly ten backing an also-ran (8)
27 A newspaperman gets some credit ordinarily (6)
28 The bishop once said differently (8)
29 Scout making free in a river (6)
30 Lie about a man serving the queen to make an impression (8)
31 Steps for animal quarters (6)

DOWN

1 Reach the top man, being smart (8)
2 Well-tried establishment on the Mediterranean (8)
3 Fall sees arrangers with no foliage (8)
5 A doctor holding business up gets the bird (6)
6 Give the fellow a note (6)
7 Love to write a little 27 across, so got started (6)
8 To stop the use of some insecticides is thought best (6)
12 Fluster constituents—so calm (7)
15 Chesterton's "gentleman" (3)
16 Use the needle when on edge (3)
18 He'd a date—new tie called for! (4,4)
19 Stick around a good man playing chess (8)
20 If receiving the sovereign, 10 across is incomparable (8)
22 Give the right tip with little hesitation (6)
23 High-powered firm (6)
24 Gets even (6)
25 Spot a retrogressing for example in senility (6)

Solution to Puzzle No. 6,297



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)

[illegible]

AEtna Unit Trusts Ltd(a)(b)(c)

[illegible]

Allied Dunbar Unit Trusts PLC (a)(y)

[illegible]

Anthony Wieler Unit Tst. Mgmt. Ltd

[illegible]

Archway Unit Tst. Mgrs. Ltd(a)(c)

[illegible]

Arkwright Management

[illegible]

Asset Unit Trust Mngrs Ltd

[illegible]

Atlanta Unit Managers Ltd

[illegible]

Baillie Gifford & Co Ltd

[illegible]

Baltic Trust Managers Ltd

[illegible]

Barclays Unicorn Ltd(a)(c)(g)

[illegible]

Baring Fund Managers Ltd

[illegible]

Barrington Mgmt Co Ltd (a)

[illegible]

Bell Court Fund Mngt PLC

[illegible]

Bishopsgate Progressive Mgmt. Co

[illegible]

Brewin Dolphin Unit Tst Mngrs Ltd

[illegible]

Bridge Fund Managers (a)(c)

[illegible]

Brown Shipley & Co Ltd (a)(g)

[illegible]

Brycourt Unit Trust Mgmt Ltd(a)(c)(g)

[illegible]

Buckmaster Management Co Ltd (a) (c)

[illegible]

CCL Unit Trusts Limited

[illegible]

CS Fund Managers Limited

[illegible]

Canada Life Unit Trust Mngrs. Ltd

[illegible]

Cannon Fund Managers Ltd (a)

[illegible]

Capel (James) Mngt. Ltd

[illegible]

Cent. Bd. of Fin. of Church of England

[illegible]

Charities Official Invest. Fund

[illegible]

Chase Manhattan Fund Mngrs Ltd

[illegible]

Clerical Medical Unit Trust Managers Ltd

[illegible]

Commercial Union Trust Managers

[illegible]

Confederation Funds Mngt Ltd (a)

[illegible]

Cornhill Unit Trust Mngrs Ltd

[illegible]

County Unit Trust Managers

[illegible]

Crown Unit Trust Services Ltd

[illegible]

Crusader Unit Trust Managers Ltd

[illegible]

Burlington Unit Trust Mngt. Ltd

[illegible]

Discretionary Unit Fund Managers

[illegible]

Drummond Fund Mngt Ltd

[illegible]

Dunedin Unit Trust Management Limited

[illegible]

EBC Amro Unit Trust Mngmt Ltd

[illegible]

EFM Unit Trust Managers Ltd

[illegible]

Eagle Star Unit Mngrs Ltd

[illegible]

Enterprise Fund Managers Ltd

[illegible]

Equitable Units Administration Ltd

[illegible]

Equity & Law Un. Tr. M. (a) (c)

[illegible]

F & C Unit Management

[illegible]

FS Investment Managers Ltd

[illegible]

Fidelity Investment Services Ltd

[illegible]

Robert Fleming & Co Ltd

[illegible]

Framlington Group (a)

[illegible]

Robert Fraser Trust Mgt. Ltd

[illegible]

Friends Provident Unit Trusts(a)(b)(c)

[illegible]

Funds in Court

[illegible]

G. & A. Trust (a) (g)

[illegible]

GT Unit Managers Ltd

[illegible]

Gartmore Fund Managers (a) (c) (g)

[illegible]

Global Asset Management

[illegible]

Gerrit (John) Unit Mngt. Ltd

[illegible]

Greville Unit Tst Mngmt Ltd

[illegible]

Gresham Unit Trust Managers

[illegible]

Grofund Managers Limited

[illegible]

Guardian Royal Ex. Unit Mgrs. Ltd (a)

[illegible]

Guinness Mahon Unit Trust Managers Ltd

[illegible]

Schroder Mahon Unit Trust Managers Ltd

[illegible]

Hambro General Fund Managers Ltd (g)

[illegible]

Hambros Bank Unit Trust Managers Ltd (a)

[illegible]

Henderson Administration (a) (b) (c)

[illegible]

Hearts of Oak Unit Trust Managers Ltd

[illegible]

Hexagon Services Ltd

[illegible]

Highclere Trust Management Limited

[illegible]

Hill Samuel Unit Tst. Mgrs.

[illegible]

IBI Fund Managers Ltd (a)

[illegible]

Key Fund Managers Ltd (a)(g)

[illegible]

LAS Unit Trust Managers Ltd

[illegible]

L & C Unit Trust Management Ltd

[illegible]

Lancashire Unit Tst Mgrs Ltd

[illegible]

Lawson Fund Managers Ltd (a) (c) (g)

[illegible]

Lazard Brothers & Co Ltd

[illegible]

Legal & General (Unit Tst. Mgrs.) Ltd

[illegible]

Leonine Administration Ltd

[illegible]

Lloyds Bk. Unit Tst. Mngrs. Ltd

[illegible]

Local Authorities' Mutual Invest. Tst.

[illegible]

London & Manchester (Tst Mgmt) (a)

[illegible]

M & G Group (y)(c)(z)

[illegible]

FT UNIT TRUST INFORMATION SERVICE

MGM Unit Managers Ltd
MGM House, Heene Rd, Worthing 01-623 8211

High Inc.	272.5	289.8xd	-0.4	5.24
(Accum Units)	337.5	359.0	-0.4	5.24
UK Growth	338.2	359.7xd	+2.1	2.81
(Accum Units)	360.3	383.2	+2.2	2.81

MLA Unit Trust Management
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 674751

MLA Gen. Tst.	39.9	42.2	-0.1	1.77
MLA Income Trust	64.2	67.4		3.91
MLA Intl.	61.8	65.5xd	+0.2	0.80
MLA Gilt Unit Tst.	25.4	26.1		9.96
MLA European Trust	34.6	36.8	-0.2	0.48
MLA American Tst.	28.5	30.2	+0.1	0.82
MLA Emerging Mkts. Tst.		25.0		0.70

ManuLife Management Ltd
St George's Way, Stevenage 0438 356101

Gilt&Fxd Int.	118.0	122.2xd		7.32
Growth Units	97.0	103.1		2.41
High Income Unit.	137.4	146.0xd		3.87
High Yielding Gilt Uts.	61.0	63.1		8.04
Intl Growth Unit Tst.	154.6	164.3		0.38
UK Smaller Cos.	105.5	112.1		1.63
North American	84.0	89.5		0.40
Far East	127.6	135.6		0.02

Mayflower Management Co Ltd
No. 1 London Bridge, London, SE1 9QU 01-378 7000

Income March 30	310.5	330.3xd		3.38
General March 30	244.2	259.8xd		1.80
International March 30	153.5	163.3xd		0.65
Global Inc Fd March 30	49.6	52.8xd		5.15

Mencap Unit Trust Mngrs Ltd (a)(c)(g)
Unicorn Hse, 252 Romford Rd, E7 01-534 5544

Mencap	168.9	178.7		4.07

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames 0491 576868

International Growth	315.6	334.7	+0.4	0.95
Income	227.1	241.9	-1.5	3.45
Worldwide Recovery	168.8	180.2	+0.4	1.60
American Growth	78.4	84.0	+0.5	0.86
Int. Emerging Cos.	95.2	101.7	-0.2	0.71
Far East Growth Fd.	97.2	103.8	+0.1	0.77
European Growth Fd.	64.2	68.6	..	1.03

Prolific Unit Trust Managers Limited.
222 Bishopsgate, London EC2 01-247 7544/7

Prolific American Inc.	60.1	64.0		3.73
Prolific C'vert & Gilt	115.5	122.9		4.85
Prolific Euro Growth	50.6	53.9		2.65
Prolific Extra Inc.	114.8	122.4xd		3.61
Prolific Far East	201.6	215.7		—
Prolific High Inc.	79.2	84.8		3.38
Prolific Intl.	144.5	153.8xd		0.51
Prolific N. Amer.	137.8	147.4		—
Prolific Spec. Sits.	94.8	101.4		0.87
Prolific Technology	141.9	151.8		—

Providence Capital Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG 01-749 9111

Japan Inc.	97.0	103.2xd	+1.2	0.00
Japan Acc.	97.1	103.4	+1.2	0.00
Worldwide Inc.	78.8	85.4xd	+0.7	1.07
Worldwide Acc.	80.2	84.9	+0.7	1.07
European Tst Inc.	97.0	102.7	+2.4	0.34
European Tst Acc.	97.7	103.4	+2.4	0.34
North American Inc.	68.7	72.7	+0.7	1.17
North American Acc.	69.6	73.7	+0.8	1.17
UK Equity Inc.	60.5	65.2	+0.3	1.91
UK Equity Acc.	84.1	89.0	+0.3	1.91
UK High Inc Eqty Inc.	59.0	62.5	+0.2	4.88
UK High Inc Eqty Acc.	60.1	63.7	+0.2	4.88
Hong Kong Trust	44.2	46.8	-0.2	0.38
Swiss Equities Trust	46.1	48.8	+0.3	1.08

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

PM Equity Growth	95.2	101.3xd	-0.1	0.70

INSURANCES

Cont'd. on next Page

FT UNIT TRUST INFORMATION SERVICE

M & G Group—Contd.
Pension Funds

American (Cap)	333.5	350.0	+1.0	—
American (Acc)	463.5	488.0	+1.9	—
Building Soc (Cap)	93.7	98.9	-0.1	—
Building Soc (Acc)	130.3	137.0	+0.1	—
Deposit (Cap)	153.9	161.7	-0.1	—
Deposit (Acc)	213.9	224.3		—
European (Cap)	140.7	147.8	+0.6	—
European (Acc)	195.6	205.4	+0.9	—
Equity (Cap)	395.3	415.2	+4.4	—
Equity (Acc)	549.1	576.7	+6.6	—
Gilt (Cap)	244.9	257.3	+2.7	—
Gilt (Acc)	340.5	357.7	+4.3	—
Gold (Cap)	107.5	113.6	+0.6	—
Gold (Acc)	149.6	157.1	+1.0	—
Index-Linked (Cap)	96.5	101.5	+0.4	—
Index-Lnkd Gilt (Acc)	134.2	141.0	+0.5	—
International (Cap)	110.5	116.1	+0.4	—
International (Acc)	153.6	161.4	+0.7	—
Intnl Inc (Cap)	105.4	110.7	+0.3	—
Intl Inc (Acc)	146.5	153.9	+0.5	—
Japan (Cap)	137.9	144.9	+3.8	—
Japan (Acc)	191.7	201.4	+5.4	—
Managed (Cap)	308.2	323.7	+2.7	—
Managed (Acc)	428.5	450.0	+4.1	—
PPP Fund (Cap)	294.2	309.0	+2.5	—
PPP Fund (Acc)	407.1	429.6	+3.5	—
Pacific (Cap)	253.1	265.8	-0.5	—
Pacific (Acc)	351.8	369.5	-0.7	—
Property (Cap)	132.2	138.9	----	—
Property (Acc)	183.8	193.1	+0.2	—
Recovery (Cap)	189.8	199.4	+2.6	—
Recovery (Acc)	263.8	277.1	+3.5	—
UK Income (Cap)	108.3	113.8	+1.0	—
UK Income (Acc)	150.6	158.3	+1.7	—
Personal Pension (Acc)		1630.7	+13.7	—

MGM Assurance
MGM House, Heene Rd, Worthing 0903 204631

UK Equity	213.3	224.6	+0.7	—
Do. Accum	238.0	250.6	+0.7	—
Special Situations	191.4	201.5	+0.6	—
Do. Accum	213.6	224.9	+0.6	—
North American	187.2	197.1	+1.5	—
Do. Accum	209.0	220.1	+1.8	—
Pacific Basin	311.4	327.8	+2.7	—
Do. Accum	347.7	466.1	+3.1	—
Fixed Interest	214.3	225.6	+2.0	—
Do. Accum	239.2	251.8	+2.3	—
Property	117.1	123.3	+0.1	—
Do. Accum	130.8	137.7	----	—
Deposit	112.1	118.1	----	—
Do. Accum	125.2	131.8	----	—
Managed	205.0	215.8	+1.1	—
Do. Accum	230.7	242.9	+1.3	—

Pension Funds

Pensions Equity	226.8	238.8	+0.9	—
Do. Accum	273.0	287.4	+1.0	—
Pens. Spec. Sits.	207.8	218.8	+0.9	—
Do. Accum	250.2	263.4	+1.0	—

National Mutual Life
5 Bow Churchyard, London EC4M 9DH 01-236 1566

Managed Fund	187.0	196.9	----	—
Managed Prospect Fund	146.7	154.5	----	—
UK Equity Fd.	219.0	230.6	----	—
Fixed Interest	146.5	154.3	----	—
Pacific	183.0	192.7	----	—
North American	114.9	129.1	----	—
Pens. Managed	220.2	231.8	----	—
Pens. UK Equity	262.0	275.8	----	—
Pens. Overseas Equity	300.1	315.9	----	—
Pens. Property	116.8	123.0	----	—
Pens. Fixed Interest	156.3	164.6	----	—
Pens. Index Linked	123.6	130.2	----	—
Pens. Deposit	142.2	149.7	----	—
P.R.P. UK Equity	113.2	119.2	----	—
P.R.P. Overseas Equity	206.2	211.0	----	—
P.R.P. Fixed Interest	105.6	111.2	----	—
P.R.P. Property	96.1	101.2	----	—
P.R.P. Index Linked	111.1	117.0	----	—
P.R.P. Deposit	97.4	102.6	----	—
P.R.P. Managed	109.7	115.5	----	—
P.R.P. With Profits	97.7	102.9	----	—

National Mutual of Australasia
Serpentine Rd, Poole, Dorset 0202 680666

Fixed Interest	131.68	138.60	----	—
Guaranteed Deposit	117.42	123.59	----	—
International	168.45	177.31	----	—
Managed	143.90	151.47	----	—
Property	130.54	137.41	----	—
UK Equities	177.36	186.67	----	—
Pens Fixed Interest	123.65	130.15	----	—
Pens Grtd Deposit	117.85	124.05	----	—
Pens International	183.55	193.20	----	—
Pens Managed	154.30	162.42	----	—
Pens Property	142.99	150.51	----	—
Pens UK Equities	154.77	162.91	----	—

National Provident Institution
48 Gracechurch St, London EC3P 3HH 01-623 4200

Managed	286.9	302.1	+4	—
UK Equity	362.1	381.2	+4	—
Overseas Eq.	287.2	302.4	+1.3	—
Americas	246.9	259.9	+2.2	—
Far East	321.6	338.6	+5	—
Property	133.6	140.7	-1	—
Fixed Int.	208.2	219.2	+3	—
Indexed Gilt	122.4	128.9	----	—
Deposit	132.1	139.1	+1	—

Pension Fund Prices

Man. Initial	301.9	317.8	+5	—
Man Acc.	362.3	381.4	+7	—
UK Eq. Initial	365.3	384.6	+3	—
UK Eq.	427.9	450.5	+2	—
Overseas Eq. Initial	357.9	376.8	+2.8	—
Overseas Eq.	445.6	468.9	+2.7	—
Americas Initial	271.0	285.3	+2.5	—
Americas	322.5	339.5	+3.0	—

Provident Capital Life—Contd.

Royal Heritage Life Assur.—Contd.

Skandia Life Assur.—Contd.

Target Life Assurance Co. Ltd.

Provident Life Assoc Ltd

Provident Mutual Life Assn. Assoc.

Royal Life Insurance Ltd

Provincial Life Assurance Co Ltd

Norwich Union Asset Management Ltd

Manufacturers Life Insurance Co (UK)

Merchant Investors Assurance

Norwich Union Insurance Soc.

Pearl Assurance (Unit Funds) Ltd

Phoenix Assurance Co Ltd

Prudential Assurance Co

Prudential Pensions Limited

Scottish Amicable Investments

Scottish Equitable Life Assce. Soc.

Regency Life Assurance Co Ltd

Municipal Life Assurance Ltd

Pioneer Mutual Insurance Co Ltd

Premium Life Assurance Co Ltd

Reliance Mutual

Scottish Life Investments

Standard Life Assurance Company

Royal Heritage Life Assurance Ltd

Scottish Mutual Assurance Society

Scottish Widows' Investments

Sun Alliance Insurance Group

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

Property Equity & Life Ass. Co

Property Growth Assur Co Ltd

Sun Life of Canada (UK) Ltd

Scottish Provident Institution

Sun Life Unit Assurance Ltd

Scottish Widows' Group

NM Schroder Life Assurance Ltd

Providence Capital Life Ass. Co Ltd

Shield Assurance Ltd

Skandia Life Assurance Co Ltd

Swiss Life Pensions Ltd

TSB Life Ltd

Teachers' Assurance Company Ltd

Transatlantic Life Assur Co Ltd

Trident Life Assurance Co Ltd

Tyndall Assurance

University Medical General Ltd

UK Life Assurance Co Ltd

UK Provident

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co Ltd

Windsor Life Assur. Co Ltd

Wesleyan & General Assurance Soc

MANAGEMENT SERVICES

Robin Lowndes & Partners Ltd

The Newmarket Group

O'Halloran & Co/Countrywide

PDR Fund Management Ltd.

The Perpetual Group

Sharp (Albert E.) & Co

Treasury Law & Co

J. D. Ward & Co Ltd

Yorkshire & Lancashire Investment Mgt.

OFFSHORE AND OVERSEAS

Actibonds Investment Fund SA

Adig Investment

Albany Fund Management Limited

Albany International Assurance Ltd

Alexander Brown (Bermuda) Ltd

Alliance Capital Management Intl. Inc.

Allied Dunbar International Fund Mgrs.

Allied Irish Fund Managers (CI) Ltd

Anglo-Swiss Assets Management Ltd

Asset Global Funds Ltd

BAII Multicurrency (SICAV)

BIA Bond Investments AG

BNP Ivy Market (Jersey) Ltd

Bank of America International SA

Bangkok Fund

Barclays Unicorn International

Baring Fund Managers (Guernsey) Ltd

Baring International Group

Bermuda-Investments Fund

Brown Shipley Fund Mgmt (CI) Ltd

Butterfield Management Co Ltd

CAL Investments (IoM) Ltd

CRC Asset Management Limited

Capital International

Cater Allen Investment Management (CI)

Charterhouse Bank

Charterhouse Fund Mgmt. (C.I.) Ltd

Citibank (CI) Ltd "Citifunds"

Cortexa International

Craigmount Fixed Int. Mngrs. (Jersey)

Credit Suisse

DWS Deutsche Ges. F. Wertpapiersp

Daehan Investment Trust Co Ltd

Dartrust Management (Guernsey) Ltd

Dean Witter World Wide Investment Trust SA

Delta Group

Deutscher Investment-Trust

Drexel Burnham Lambert

Dreyfus Intercontinental Inv. Fd.

Duncan Lawrie Inv. Mgt. Ltd

Dunedin Unit Trust Mgrs (Bermuda) Ltd

Dunn & Hargitt Group

EBC Trust Company (Jersey) Ltd

Elders (Switzerland) Invest. Mngt. SA

Equitilinx International Mngt Ltd

Equity International Management Serv's Ltd

Equity & Law International Fund Mgs Ltd

Equity & Law International Life Assur Co Ltd

Eurotrage Management Ltd

Eurotrage Management Cayman Ltd

Eurolife Assurance Group

S.G. Europa Obligations SA

Europe Prestige Fund SA

European Life (Channel Islands) Ltd

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FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

BRITISH FUNDS—Contd

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for July 1986: 384.2 and for February 1987: 100.4 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

FOREIGN BONDS & RAILS—Contd

1987 High	1987 Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
45	45	Greek 7pc Ass.	45	.....	3.50	7.78
45	44	Do 6pc 28 Stb. Ass.	45	.....	3	6.67
47	42	Do 4pc Mixed Ass.	47xd	.....	2	4.29
65	60	Hung. '24 Ass.	65	.....	2.75	4.37
[illegible]	[illegible]	Hydro Quebec 15pc 2011	[illegible]	[illegible]	15.00	10.74
92	84	Iceland 6½pc '83-88	92	.....	6.50	12.17
[illegible]	[illegible]	Do 14½pc Ln 2016	[illegible]	[illegible]	14.50	10.89
[illegible]	[illegible]	Ireland 9¾pc '91-96	[illegible]	.....	9.75	9.70
98	87	Japan 6% '83-88	95	.....	—	—

AMERICANS

1987 High	1987 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
[illegible]	[illegible]	Abbott Laboratories	40	[illegible]	84c	—	1.4
17	[illegible]	Amdahl Corp	[illegible]	[illegible]	80c	—	3.8
[illegible]	[illegible]	Amer Brands	[illegible]	[illegible]	[illegible]	—	2.8
[illegible]	[illegible]	Amer Express	[illegible]	[illegible]	$1.44	—	2.3
[illegible]	[illegible]	Amer. Medical Int. $1	[illegible]	[illegible]	72c	—	4.0
23	20	Anheuser-Busch $1	[illegible]	[illegible]	$2.00	—	6.2

1987 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
[illegible]	Morgan (JP) $2.5	[illegible]	[illegible]	$2.72	—	6.6
[illegible]	NYNEX $1	[illegible]	[illegible]	$3.48	—	5.6
[illegible]	PHH	[illegible]	[illegible]	$1.04	—	2.9
22	Pacificorp $3.25	[illegible]	[illegible]	$2.40	—	7.0
[illegible]	Pacific Telesis $0.10	[illegible]	[illegible]	$3.04	—	11.9
[illegible]	Pall Corp. 25c	[illegible]	[illegible]	38c	—	1.2
[illegible]	Pennzoil 83c	[illegible]	[illegible]	$2.20	—	2.6
[illegible]	Pillsbury	[illegible]	[illegible]	$1.00	—	2.5
[illegible]	Quaker Oats $5	[illegible]	[illegible]	80c	—	1.7
[illegible]	RJR Nabisco Inc.	[illegible]	[illegible]	$1.60	—	2.9
[illegible]	Rep NY Corpn $5	[illegible]	.....	$1.16	—	2.4
[illegible]	Rexnord $5	16	[illegible]	44c	—	4.7
[illegible]	Rockwell Intl. $1	[illegible]	[illegible]	$1.32	—	2.3

Continued on next page

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
ANZ Finance High Interest Cheque Acc				
Minerva Hse, Montague Cl, London, SE1 01-378 2576				
£250-£2,500	8.00	6.02	8.43	Qtr
£2,500+	10.00	7.53	10.60	Qtr
Adam & Co. plc				
22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Chq Acc	9.25	6.75	9.75	Qtr
Aitken Hume				
30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	9.25	6.93	10.00	Qtr
MonexChq £1000-£5000	9.00	6.75	9.72	Mth
Mon. Int. Chq. £5,000+	9.25	6.93	10.05	Mth
Allied Arab Bank Ltd				
97-101 Cannon St, London, EC4N 5AD 01-626 2046				
HICA, HICMA	11.25	8.43	12.31	Mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc	9.13	6.84	9.60	Mth
Barclays Prime Account				
PO Box 125, Northampton 0604 252891				
High Int. Cheque	9.00	6.75	9.40	Qtr
Benchmark Trust Ltd				
9 Henrietta Place, W1M 9AG. 01-631 3313				
Cap Chq Deposit Acc	9.25	6.96	9.84	Mth
Brown Shipley & Co Ltd				

Money Market Trust Funds

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
30¾	23	Sara Lee $1	29⅜xd	+¼	$2.00	—	4.4
11⅞	10¼	Saul (B. F.) $1	10⅝xd	.....	20c	—	1.2
79	72	Southwestern Bell $1	71⅝xd	–⅜	$6.96	—	6.3
17⅝	15¼	Staley Continental	17⅜	–⅛	80c	—	3.0
44⅞	36¼	Sun Co. Inc. $1	44⅞xd	+⅛	$3.00	—	4.4
74	57⅛	TRW Inc. $1¼	67⅛xd	–⅛	$3.20	—	3.1
31	25⅝	Tenneco $5	30¼	–⅛	$3.04	—	6.5
184½	149½	Do. 10pcLn.Stk. 91-5	180½xd	.....	10%	—	5.6
26¼	21⅛	Texaco $6.25	20¾xd	–2½	$3.00	—	9.4
57⅛	47⅛	Time Inc. $1	56⅛	–1⅛	$1.00	—	1.2
14½	11⅛	Tracor $0.33	13⅛	.....	36c	—	1.8
24⅞	20⅛	Transamerica $1	20⅞xd	.....	$1.76	—	5.5
11	967p	Transworld Corp $5	10⅛	+⅛	20c	—	1.2
41½	29⅛	Trinova Corp.	42¼	.....	$1.40	—	2.1
17⅞	15⅛	♦USX $1	18¼	+⅛	$1.20	—	4.3
18⅞	15⅛	Union Carbide $1	17⅛	–⅞	$1.50	—	5.5
35⅞	30⅛	Utd. Technologies	31⅞	+⅛	$1.40	—	2.8
38⅞	33⅝	US West	34⅞	.....	$3.28	—	6.2
33⅞	26	♦Woolworth $3½	33⅞	+⅞	$1.12	—	2.2

CANADIANS

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
22½p	21p	♦Abbot Energy Corp.	21¾p	.....	—	—	—
21	10⅛	♦Amer. Barrick Res.	21	+⅛	—	—	—
83p	36p	Arcano	73½p	+½	—	—	—
19⅛	15⅛	Bk. Montreal	16⅛	+⅛	$2.00	—	5.9
10½	878p	Bk. Nova Scot.	891p	–6	72c	—	3.9
20⅛	18	BCE	20⅛	+⅛	$2.40	—	5.7
960p	712p	♦Bow Valley	885p	+12	10c	—	0.5
19⅛	12⅝	♦Brascan	18⅛	+⅛	88c	—	2.3
456p	277p	♦Bralorne Res.	456p	+2	—	—	—

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

INSURANCES

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LONDON SHARE SERVICE

INSURANCES—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING—Continued

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

FINANCE, LAND—Cont.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

MINES

MINES—Continued

THIRD MARKET

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
475	180	Abelscot Group 10p	400	+50	3.2	—	1.1	—
35	31	Aberdeen Am Pet 10p	31	.....	—	—	—	—
123	110	Allied Ins. Brokers	110	..	L3.5	2.5	4.5	12.0
60	45	Catalyst Comm. 5p	58	...	—	—	—	—
65	47	Corton Beach 10p	64	–1	—	—	—	31.8
190	102	Edengrog Investment	185	–5	—	—	—	—
65	31	Eglinton Oil Ir.5p	45	+8	—	—	—	—
41	17	Do. Warrants	27	+7	—	—	—	—
29	17	Publishing Hldgs.5p	27	.....	—	—	—	15.6
58	45½	Therse Holdings	57	.....	—	—	—	28.9
198	115	Unit Group	215	.....	R4.6	2.5	5.6	(8.2)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- "Tap Stock".
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- Figures or report awaited.
- Not officially UK listed; dealings permitted under Rule 535(4)(a).
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- Dealt in under Rule 535(3).
- Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	73	.....
Craig & Rose £1	£25¾	.....
Finlay Pkg. 5p	70	+1
Holt (Jos) 25p	907	.....
IoM Stm. £1	96	.....
IRISH		
Fund 11¼% 1988	£98⅝	.....
Nat. 9¾% 84/89	£95	+¼
Fin. 13% 97/02	£109½	.....
Arnotts	360	.....
CPI Hldgs	58	.....
Carroll Inds.	223	–2
Dublin Gas	5	.....
Hall (R. & H.)	108¾xd	.....
Heiton Hldgs.	30	+2
Irish Ropes	174½	.....
Unidare	400	–5

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	16
BAT	47
BOC Grp	42
BSR	12
BTR	30
Babcock	19
Barclays	47
Beecham	48
Blue Circle	62
Boots	25
Bowaters	37
Brit Aerospace	58
Brit. Telecom	20
Burton Ord	23
Cadburys	22
Charter Cons.	30
Comm Union	29
Courtaulds	35
FNFC	20
Gen Accident	80
GEC	18
Glaxo	110
Grand Met.	40
GUS 'A'	100
Guardian	85
GKN	30
Hanson Tst.	15
Hawker Sidd	50
ICI	80
Jaguar	52
Ladbroke	40
Legal & Gen	25
Lex Service	15
Lloyds Bank	48
Lucas Inds	55
Marks & Spencer	18
Midland Bk	55
Morgan Grenfell	35
NEI	8
Nat West Bk	55
P & O Dfd.	55
Plessey	20
Polly Peck	20
Racal Elect	20
RHM	30
Rank Org Ord	55
Reed Intnl	42
STC	20
Sears	12
TI	55
TSB	8
Tesco	42
Thorn EMI	50
Trust Houses	20
Turner Newall	24
Unilever	150
Vickers	55
Wellcome	50
Property	
Brit Land	17
Land Securities	30
MEPC	32
Peachey	30
Oils	
BOM	3½
Brit Petroleum	60
Burmah Oil	38
Charterhall	4
Premier	4
Shell	75
Tricentrol	11
Ultramar	17
Mines	
Cons Gold	65
Lonrho	24
Rio T Zinc	65

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Mar 23	Apr 2	Apr 3	Apr 13
Apr 6	Apr 23	Apr 24	May 5
Apr 27	May 7	May 18	May 28

* New time dealings may take place from 9.00 am two business days earlier.

Successful rally in sluggish equity sector but Government bonds close easier

The magic of firmness on Wall Street, combined with opinion poll readings favourable to the Thatcher Government's election prospects, failed to work a second time, and the London securities markets had a disappointing session yesterday.

Despite some further demand from Japan overnight, UK bonds settled lower to await today's meeting of the G-7 Finance Ministers. Equities ended a shade easier, although the blue chips rallied successfully from a weak start. Turnover in both sectors was unexciting.

The market's response to publication of the latest two opinion poll findings predicting election success for the Government was "very disappointing," admitted several market dealers.

Concern over a weak dollar and the threat of a trade war with Japan continue, while prospects for a cut in UK bank base rates are still uncertain and may have been discounted in the market place.

The stock market opened lower and fell by 12 FT-SE points before steadying at mid-morning. Then, having largely ignored Wall Street's performance overnight, London rallied when New York opened yesterday's session higher. However, buying support was light.

At the close, the FT-SE 100 index was only 2.6 down at 1,987.0, and the FT ordinary index 1.5 off at 1,564.5.

Firmness in crude prices did nothing for the oil majors, and prices ended lower in sluggish trading. Turnover of 3.8m shares in British Petroleum compared with 5.5m in Wellcome, the pharmaceutical stock which ran into renewed selling as the absence of Japanese support took its toll.

Glaxo, however, recouped an early loss and were moving up at the end of the day. A similar pattern was traced by several of the leading export stocks, which were unsettled at first by sterling's firmness against the US dollar. Jaguar predicting 10-15 per cent growth in world sales this year, stood out strongly and Imperial Chemical Industries also replaced an early fall with a small gain.

Government bonds opened higher on hints in some quarters of Japanese buying. Demand came from a single source, however, and was soon completed. A check to prices at mid-morning was accompanied by reports from the trading floor that the Government Broker had sold some stock, probably in response to a marketmaker plea.

For the rest of the session, prices were edging downwards, led by the LIFFE futures contract. Losses were extended in the last hour as Mr Paul Volcker, chairman of the US Federal Reserve, commented on the fall in the dollar. The longs closed ¾ off.

Standard Chartered remained in the spotlight as Warburg Securities, working on behalf of Mr Robert Holmes a Court's Bell Group, acquired a further 3 per cent stake in the bank to take Bell's total shareholding to the planned maximum permitted 14.9 per cent stake. The shares were actively traded—nearly 8m changed hands—with Warburg paying prices of up to 850p including the 22.5p dividend, but the close was eventually 6 lower on balance at 819p, after 827p. Dealers remained sceptical as to whether Mr Holmes a Court would now launch a full-scale bid for Standard and predicted that the stake would be sold on to another suitor. Brokers Wood Mackenzie state that without a bid, Standard Chartered on fundamentals alone are a £1 too high, but if Lloyds chose to rebid when its official ban is lifted on July 12, on the same terms as last year at current share prices, the bid for SC would be worth around 950p per share. Elsewhere in the banking sector, a good two-way turnover developed in Hill Samuel as rumours continued to circulate that Mr Larry Adler of FAI Insurances had disposed of his near-15 per cent stake and the close was a further 13 higher at 488p, after 490p.

Abbey Life featured Insurances, rising 13 to 260p in response to a Messel "buy" recommendation.

Vaux were a bright corner in an otherwise drab Brewery sector. The acquisition of a York hotel touched off light demand for the shares which rose 9 to 577p. Greenall Whitley were also firm at 229p, up 4, while Burtonwood improved 5 to 707p. Invergordon Distilleries, 173p, were unaffected by Scottish and Newcastle's sale of 2.3m shares which reduces its shareholding in the group to 4.7 per cent.

Leading Buildings traded quietly and showed little change overall. Costain, a dull market of late, failed to gain any inspiration from a sizeable Australian mining contract and settled virtually unchanged at 544p. Blue Circle were 2 off at 806p and Tarmac 4 cheaper at 500p. Elsewhere, Raine Industries continued to attract buyers ahead of tomorrow's half-timer and firmed 5 more to 149p, while Federated Housing rose 10 to 221p following the chairman's confident statement at the annual meeting. John Laing drifted off to close 6 down at 488p; the company has been awarded a £29.5m contract for Severn Bridge work. Cakebread Robey touched 155p prior to closing 5 higher at 143p pending news of the bid approach. Erith, preliminary figures due today, firmed 6 to 175p.

In the Chemical sector, Marlborough Technology added 5 to 226p following the good annual results, but Morceau slumped to 80p prior to closing 20 lower at 100p as the board warned that the loss of two major contracts in its petrochemical and offshore businesses would result in a loss in the half year to March '87 and that an interim dividend would not be paid.

Leading retailers turned irregular. Cautious comment prompted a fall of 4 to 211p in Harris Queensway, while Gussies "A," which holds a 23 per cent stake in HQ and only last week categorically denied that it was intending to launch a full-scale offer for the company, relinquished ⅛ at £12⅛. Woolworth, meanwhile, added 4 at 801p and improvements of 3 and 5 respectively were seen in Burton, 295p, and Storehouse, 295p. Elsewhere, Press speculation that Mr David Quayle, co-founder of the B & Q do-it-yourself chain, has built up a stake in Amber Day helped the latter advance 2½ to 28p. Debfer, still reflecting the recent excellent results, rose 4 afresh to 262p, while Windsmoor put on 7 to 81p.

Dale Electric soared 32½ to 97p following the Board's strong rejection of the surprise bid from Sunleigh, 2 dearer at 42p. Holmes Protection, mentioned recently as a possible takeover target of Racal, jumped 9 to 192p, on the announcement that fire protection specialist Wormald International had paid £10.6m for a 9 per cent stake in HP and was holding talks regarding a possible full merger. Elsewhere in Electricals, Stone International gained 12 to 145p on speculative buying and Telemetrix gained 12 at 63p. Klark-Teknik improved a few pence to 68p following the interim figures, while fresh gains of around 7 were seen in Dewhurst "A", 38p, and International Signal and Control, 277p.

Leading Engineers finished a few pence above the worst. Elsewhere, Adwest, reflecting disappointing interim figures, gave up 10 to 262p, but Ash and Lacy responded to the preliminary results with a gain of 50 at 535p. A fresh rise of 5 to 322p in Laird Group was accompanied by a revival of bid talk. Further consideration of the annual results prompted a rally of 3 to 82p in Richards Leicester, while acquisition news left Linread 5 to the good at 138. Wheway rose 2 to 36p, on the sale of Bevan Commodities to Flexdart.

Freshbake, 7½ higher at 153½p, reflected revived bid speculation, but recently firm Hillsdown drifted off to close 5 cheaper at 264p. Elsewhere in the Food sector, Jack Israel found support at 33p, up 2, while William Morrison firmed 5 to 247p following Press comment.

Most international stocks held up reasonably well although Beecham ran into selling and closed 11 lower at 522p. Among the anti-Aids related issues, Wellcome met with persistent Japanese selling and fell 34 to 384p, but the revival in London International, up 14 more at 301p, continued. Mysen, still reflecting the bumper annual results, gained 15 further to 226p, but Extel remained a weak market at 468, down 22, on the decision by Mr Robert Maxwell not to make a fresh offer for the company. Further consideration of trading statements left Cannon Street Investments up 11 more at 248p and Capare Industries 3 dearer at 55½p. Blue Arrow responded to acquisition news with a rise of 11 at 687p, while Hollis rose 11 to 77p in reply to the preliminary figures. Ashley Industrial Trust, reflecting the Trans Pacific Corporation funding arrangement, put on 4 to 70p. Norcros firmed 11 to 450p awaiting defence moves against the unwelcome bid from Williams Holdings; the latter advanced strongly to close 22 higher at 812p. Renewed demand in a restricted market lifted Jackson Bourne End 45 further to 575p, but profit-taking clipped 15 from Pentland Industries at 740p and 15 from Worcester at 590p. Speculative interest revived in Pacific Sales which rose 24 to 197p, while EIS were also noteworthy for a gain of 13 to 308.

Horizon Travel were prominent in the leisure sector and advanced 6 to 200p amid talk that Mr Ron Brierley's IEP Securities is poised to launch a rival offer to Bass's agreed bid. Elsewhere, Press comment encouraged buying of Aspinall Holdings, 5 dearer at 165p, while renewed interest lifted Capital Radio 7 to 191p.

Revived US buying caught marketmakers in Jaguar on the wrong foot and in moderate trading the price spurted 16 to 591p. Dowty, awaiting the outcome of an analysts' visit yesterday, maintained a firm stance at 279p; the group has acquired two Singapore-based businesses.

Vastly improved results together with a proposed scrip issue boosted Home Counties Newspapers, up 33 at 493p. Trading statements also helped More O'Ferrall, 13 higher at 196p, and Cowells, 3 better at 99p, but had little lasting effect on Aspen Communications, slightly easier at 420p. Profit-taking exacted a toll on BPCC, 7 lower at 326p, and on Ault and Wiberg, 10 off at 230p. Blenheim Exhibitions, on the other hand, responded afresh to expansion hopes and closed 30 dearer at 265p. Chapman Industries rose 13 to 246p while Addison Consultancy progressed 8 more to 157p ahead of tomorrow's annual figures.

Among Properties Phoenix attracted good support and gained 12 to 157p, while Parkdale, undeterred by news that a director had sold 87,000 shares at 120p per share, picked up from 113p to close 4 higher on balance at 119p.

Currency influences dragged quality Textiles down and Courtaulds closed 3 lower at 418p, while John Crowther slipped 4 to 211p. The sector was not without some bright features and A. Beckman rose 14 more to 140p awaiting tomorrow's interim results. Harold Ingram improved 5 to 182p and, despite the chairman's reiterated warning about immediate trading prospects, Munton Bros hardened to 15p.

Kellock Trust, the financial services group, weakened after news of a major acquisition which involves the issue of 26.6m new shares. The group proposes to buy a 85 per cent stake in Ellis & Buckle, a UK-based loss adjuster, for a total consideration of nearly £15.5m. Existing shareholders, including major stakeowner London and Edinburgh Trust, have the option to buy at 45p per share on a six-for-31 basis. Kellock closed 5 down at 47p. Elsewhere, Yule Catto improved late to 350p, up 9, but Clayton Rebard dropped 22 to 248p.

The majority of the leading Oils opened with marginal gains but quickly fell away on lack of interest and persistent small selling. BP, on the other hand, lost ground from the outset and eventually closed 4 off at 916p following news that Standard Oil's PS advisers First Boston had rejected the $70-a-share bid for Standard as inadequate and put a value of $85 a share on the company. Burmah, reporting preliminary results tomorrow, fell 9 to 465p in the wake of a badly handled selling order.

IC Gas, a strong market late on Monday amid rumours of an imminent £9-a-share bid from Petrofina, ran into profit-taking and settled 16 lower at 750p: Mr Pierre Jungels, Petrofina's UK chief executive said yesterday that Petrofina "has not been buying IC Gas shares and has no intention of making a takeover bid for the company."

Australian golds continued to make the running in a generally much quieter mining sector. A fresh burst of buying interest in Sydney and Melbourne overnight saw share prices open higher again in London to the accompaniment of renewed good UK support.

Of the leading issues Central Norseman Gold moved up ¼ to equal the record high of £11, while Gold Mines of Kalgoorlie, an outstanding performer since last week's four for one share split, jumped a further 12 to a 1987 high of 372p. Sons of Gwalia put on 13 to 643p and Carr Boyd added 12 at 108p, while Hill Minerals edged up 4 to 92p. Whim Creek, part of a consortium of three companies paying A$76.5m for CRA subsidiary Forest Gold Propietary, leapt 15 to 480p. Of the more speculative golds Jason Mining raced up 12 to 96p and Otter rose 3 to 58p.

South African mines were much quieter. Good early gains generally failed to old and the majority of issues were left with only minor improvements on balance.

Traded options

Interest in the traded option market waned considerably and the closing number of deals arranged at 28,035—comprising 18,981 calls and 9,054 puts—was the lowest since early January. However, British Airways were fairly active, recording 3,273 calls—1,107 in the July 130s—while 2,697 puts were done in Hanson Trust most of which were transacted in the December 160s.

Traditional Options

- First dealings March 13
- Last dealings April 11
- Last declaration July 9
- For Settlement July 20

For rate indications see end of Unit Trust Service

Stocks dealt in for the call included Pacific Sales, Aran Energy, Wheway, Martin Ford, Stormguard, Febel Windsmoor, Willaire, Phoenix Property, Hyman, North Kalgurli, United Guarantee, Abaco, Wilson Bowden, Charterhall, Parkdale, St Modwen and J. Israel. Puts were completed in Lyle Shipping and North Kalgurli, while double options were arranged in Blacks Leisure, Property Trust and Blackwood Hedge.

FINANCIAL TIMES STOCK INDICES

	Apr. 7	Apr. 6	Apr. 3	Apr. 2	Mar. 1	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	90.76	90.91	89.91	89.91	90.14	93.09	92.19 (23/3)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.35	97.32	97.30	97.37	97.77	96.66	97.98 (19/3)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,564.5	1,566.0	1,546.4	1,567.6	1,588.0	1,288.1	1,625.2 (24/3)	1,320.2 (2/1)	1,625.2 (24/3/87)	49.4 (26/6/40)
Gold Mines	424.9	421.8	415.9	433.5	445.5	288.0	455.3 (31/3)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.74	3.73	3.79	3.74	3.76	3.87				
Earnings Yld.%(full)	8.51	8.45	8.58	8.48	8.60	9.43				
P/E Ratio (net) (*)	14.53	14.57	14.35	14.52	14.29	13.14				
SEAQ Bargains (5 pm)	39,749	54,946	59,197	50,718	47,598	—				
Equity Turnover (£m)	—	1,275.56	1,365.00	1,426.17	1,320.65	909.02				
Equity Bargains	—	69,179	72,831	69,965	64,046	38,030				
Shares Traded (ml)	—	—	575.9	549.2	515.7	354.0				

S.E. ACTIVITY

Indices	April 3	April 2
Gilt Edged Bargains	239.3	158.5
Equity Bargains	471.9	427.4
Equity Value	2759.0	2882.7
5-Day Average		
Gilt Edged Bargains	174.5	158.8
Equity Bargains	441.0	429.3
Equity Value	2726.0	2754.9

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1565.3	1563.1	1560.2	1558.5	1559.2	1560.3	1557.5	1563.4

Day's High 1565.3. Day's Low 15567.7 Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=13.98.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1986-87

NEW HIGHS (157)

BRITISH FUNDS (1), AMERICANS (9), CANADIANS (3), BANKS (3), BREWERS (1), BUILDINGS (7), CHEMICALS (1), STORES (5), ELECTRICALS (6), ENGINEERING (3), FOODS (3), HOTELS (1), INDUSTRIALS (28), LEISURE (6), MOTORS (1), NEWSPAPERS (1), PAPER (6), PROPERTY (10), TRUSTS (12), OILS (6), OVERSEAS TRADERS (2), PLANTATIONS (1), MINES (39), THIRD MARKET (1).

NEW LOWS (24)

AMERICANS (4) Bankers N.Y., Manufacturers Hanover, Southwestern Bell, Texaco, BANKS (1) Compagnie Bancaire, BREWERS (1) Eldridge, Pope A, BUILDINGS (1) Bryant Holdings, ELECTRICALS (1) TDK Corp., INDUSTRIALS (2) Hutchison Whampoa, Jardine Holdings, INSURANCE (2) American Gen. Corp., Sturge Holdings, LEISURE (1) Saga Holidays, PROPERTY (3) Gilbert House Inv., HK Land, Sinclair Goldsmith, SHIPPING (1) Gotaas, TEXTILES (1) Early's of Witney, TRUSTS (3) Argo Inv., Japan Assets Wrrts., Intl. City Holdings, OVERSEAS TRADERS (2) African Lakes, REA Holdings, THIRD MARKET (1) Aberdeen Amer. Pet.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	1,800	146	−1	Jaguar	3,000	591	+16
Allied Lyons	660	388	−3	Ladbroke	399	426	+1
Amstrad	2,700	181	−2	Land Securities	3,400	403	−2
Argyll	2,300	408	−2	Legal & Gen.	567	271	+1
Assoc. Brit. Foods	360	347	+1	Lloyds Bank	500	487	−1
BAT	880	535	−1	Lonrho	518	280	−1
BET	411	244	+2	MEPC	754	382	−4
BOC	372	430	−1	Marks & Spncr	1,300	215	+1
BPB Inds	392	660	−10	Midland Bank	159	609	−3
BPCC	424	326	−7	NatWest Bank	398	587	−2
BTR	1,900	302	−1	Pearson	1,000	596	−4
Barclays	570	502	−5	P & O	538	618	−2
Bass	117	870	−5	Pilkington Bros	165	776	—
Beecham	4,700	522	−11	Plessey	5,600	242	+1
Blue Circle	207	806	−2	Prudential	432	837	+7
Boots	6,350	282	+8	Racal	3,500	227	+2
Brit. Airways	6,700	129	+1	Rank Org	193	651	−5
Brit. Aero	1,600	659	+3	RHM	688	312	+3
Brit. & Comm.	784	445	+1	Reckitt & Col	76	952	−11
Brit. Gas	38,000	92½	+2½	Redland	609	451	—
Britoil	6,400	259	+1	Reed Intl.	1,100	385	−4
BP	3,750	916	−4	Reuters	264	703	+4
Brit. Telecom	1,400	254	+2	RMC	136	799	−2
Bunzl	1,408	216	−5	RTZ	1,000	852	+8
Burton	1,500	295	+3	Rowntree Mac	225	495	−1
Cable & Wire	1,000	371	—	Ryl Bnk of Scotland	614	322	−4
Cadbury Schwps	333	237	−1	Royal Insurance	214	952	+4
Coats Viyella	213	574	−1	STC	486	249	+½
Comm. Union	2,300	324	+½	Saatchi & Saatchi	1,500	692	−2
Cons. Gold	620	920	−9	Sainsbury	440	483	−2
Cookson	538	593	−5	Sears	6,700	131	—
Courtaulds	1,500	418	−3	Sedgwick	763	313	−2
Dee Corpn	2,700	242	+1	Shell Trans	2,300	£12⅝	—
Dixons Grp	989	372	+2	Smith & Nephew	1,200	150	−4½
English China Clays	933	418	+1	Standard Chart	7,800	819	−6
Fisons	377	606	−3	Storehouse	1,900	295	+5
Gen. Accident	525	939	+6	Sun Alliance	366	832	+2
Gen. Elect	6,400	202	+2	TSB	2,500	85½	−½
Glaxo	1,300	£15	+⅛	Tarmac	658	500	−4
Globe Investment	937	153	+1	Tesco	1,000	475	+3
Granada	921	330	−3	Thorn EMI	1,300	636	−1
Grand Met	978	470	−1	Trafalgar House	513	328	−1
Gus "A"	107	£12⅛	−⅛	T'house Forte	1,600	230	−1
Guardian R.E.	816	897	+18	Unigate	293	372	−3
GKN	950	320	−3	Unilever	160	£25¼	—
Guinness	368	318	−2	United Biscuits	215	281	−1
Hanson Trust	5,100	162½	—	Wellcome	5,500	384	−34
Hawker Sidd	500	505	−8	Whitbread 'A'	1,000	316	+2
Hillsdown Hlgs	1,400	265	−4	Woolworth	307	802	+5
ICI	1,100	£13⅛	—				
Imp. Cont. Gas	456	750	−16				

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	27	66	20
Corporations, Dominion and Foreign Bonds	18	7	42
Industrials	466	517	560
Financial and Properties	136	174	274
Oils	26	30	56
Plantations	1	3	10
Mines	79	26	75
Others	75	57	75
Totals	828	880	1,115

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Tuesday April 7 1987

[illegible]

FIXED INTEREST

[illegible]

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls July	Calls Oct.	Puts Apr.	Puts July	Puts Oct.
Allied Lyons (*388)	330	60	67	73	1	3	6
	360	31	47	57	1½	12	15
	390	9	27	38	10	25	37
	420	2	13	20	35	40	45
Brit. Airways (*129)	100	29	31	35	0½	1½	4
	110	19	23	28	1	3	7
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Guinness (*319)	280	45	57	63	3	13	13
	300	32	50	52	12	17	25
	330	14	25	38	23	35	37
	360	6	15	—	43	50	—
Ladbroke (*424)	343	85	88	—	1	2	—
	373	55	60	—	1	3½	—
	403	30	40	55	9	14	17

[illegible]

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
§150	F.P.	15/4	180	160	Admiral Comp'ting 5p	174	−1	u2.13	3.6	1.7	22.9
§180	F.P.	15/5	201	190	Airtours10p	195	−1	R5.4	2.5	3.9	14.3
[illegible]											

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

WORLD STOCK MARKETS

AUSTRIA

April 7	Price Sch.	+ or —
Credi'nst'lt pp	2,040	+15
Goesser	3,100	+100
Interunfall	12,750	—50
Jungbunzlauer	9,080	......
Laenderbank	2,010	+65
Perlmooser	700	—5
Steyr Daimler	146	+2
Veitscher Mag	885	+5

BELGIUM/LUXEMBOURG

April 7	Price Frs.	+ or —
B.B.L.	3,200	+75
Banq.Gen. Lux	15,400	......
Banq.Int.A.Lux	14,800	......
Bekaert	10,950	—150
Ciment CBR	5,330	—20
Cockerill	140	—1
Delhaize	3,305	—65
EBES	5,300	—50
Fabrique Nat	1,925	+25
GB Inno BM	1,058	+18
GBL (Brux)	3,810	+35
Generale Bank	6,800	......
Gevaert	6,600	+30
Hoboken	7,100	+50
Intercom	4,300	......
Kredietbank	4,500	—200
Pan Holding	11,500	......
Petrofina	10,450	+50
Royale Belge	24,580	+5
Soc.Gen. Belge	3,450	—15
Sofina	14,050	—50
Solvay	10,375	+175
Stanwick Int	430	......
Tractebel	7,190	—10
UCB	9,980	+80
Wagons Lits	5,700	—100

DENMARK

April 7	Price Knr %	+ or —
Baltoa Skand	855	+10
Cop Handels'nk	258	+3
D. Sukkerfab	331	+5
Danske Bank	337	+1
East Asiatic	179	+1
Forenede Brygg	860	+10
GNT Hld	280	......
I.S.S.B	740	—25
Jyske Bank	510	......
Novo Inds*	277	+6
Privatbanken	273	+1
Sophus Berend	790	—5
Superfos	199	—4

FINLAND

April 7	Price Mka	+ or —
Amer	225	—0.5
KOP	48.8	—1.0
Kone	205	—2
Finnish Sugar	98.75	—1.0
Nokia	166.5	—1
Pohjola 'B'	91	—1.7
Rauma-Repola	22.75	......
Stockmann 'B'	209	+4.5
UBF 'C'	33	—1.9
Wartsila (S11)	200.5	—4

NETHERLANDS

April 7	Price Fls	+ or —
ACF Holdings	66	+1
AEGON	94.2	+1.2
Ahold	112.5	+0.6
AKZO	139.6	+0.6
ABN	538	+2.5
AMEV	72.5	+0.6
AMRO	86.7	+0.4
Bredero Cert	30	......
Buehrmann Tet	55.5	+0.3
Dordtsche Pet'm	231.5	+0.2
Elsevier-NDU	264	+1
Fokker	51	—1.1
Gist Brocades	46.4	+0.7
Heineken	177.5	—1
Hoogevens	35	—3.5
Hunter Doug NV	54.7	+0.7
IHC/Caland	23	+0.7
Int. Mueller	68.5	+2.2
KLM	43	+0.2
KNP	155	+1.2
Nat Ned Cert	79	+0.4
Ned Mid Bank	178	+2
Nedlloyd	180	......
Oce Grinten	425	+21
Ommeren (Van)	41.6	+1
Pakhoed	72.2	+0.3
Philips	51.3	+1.5
Robeco	103.7	+0.3
Rodamco	145.7	+0.1
Rolinco	93.6	+1.2
Rorento	61.6	+0.1
Royal Dutch	254.6	+2
Unilever	598.5	+0.5
VMF Stork	26.2	—1
VNU	344	+3
Wessanen	85.5	+1.4
Watters Samson	126.5	+1.5

GERMANY

April 7	Price Dm.	+ or —
AEG	315	—10
Allianz Vers	1,845	—20
BASF	275.1	—5.7
Bayer	317	—6.7
Bayer-Hypo	449	—15
Bayer-Verein	454	—15.5
BHF Bank	445	—3
BMW	532	—15
Brown Boveri	319.5	—5.5
Commerzbank	278	—9.8
Cont'l Gummi	334.8	—3
Daimler-Benz	1,022	—23
Degussa	491	—10
D'sche Babcock	206	—7
Deutsche Bank	687	—10
Dresdner Bank	356	—9
Feld-Muehle Nbl	295	—3
Henkel	489	—9
Hochtief	769	......
Hoechst	279.3	—5.7
Hoesch Werke	110	—2.5
Holzmann (P)	442	—8
Horten	229	—5
Hussel	595	......
Karstadt	427.2	—3.8
Kaufhof	480.8	—6.5
KHD	152.5	—2
Kloeckner	69.5	+0.4
Linde	680	—10
Lufthansa	188	+1
MAN	180	—4.8
Mannesmann	178.3	—3.2
Mercedes Hld	868	—10
Metallgesell	302	+2
Muench Rueck	1,958	+8
Nixdorf	781	—4.5
Porsche	890	—5
Preussag	163.2	—4.8
Rhein West Elect	223	—6.1
Rosenthal	254	+4
Schering	621	—12
Siemens	716.5	—12.0
Thyssen	119.2	—3
Varta	345	+2
Veba	276	—4
V.E.W.	160	—6.7
Verein-West	430	—2
Volkswagen	355.5	—2

ITALY

April 7	Price Lira	+ or —
Banco Com'le	23,810	......
Bastogi-IRBS	555	+4
C.I.R.	5,490	+131
Credito Italiano	2,384xa	+95
Fiat	13,150	+22
General Assicur	134,8[illegible]	—950
Italcementi	92,250	—1,850
La Rinascente	1,260	—20
Montedison	2,840	+35
Olivetti	12,800	—200
Pirelli Co	7,090	+70
Pirelli Spa	5,581	+1
Saipem	4,540	—60
Snia BPD	4,700	—10
Toro Assic	32,400	—450

FRANCE

April 7	Price Frs.	+ or —
Emprunt 4½% 1973	1,557	—9
Emprunt 7% 1973	8,100	—60
Accor	580	—2
Air Liquide	735	—33
BIC	830	—20
BNP	1,230	—5
Bongrain	2,700	—95
Bouygues	1,450	—35
BSN Gervais	5,330	......
CIT Alcatel	2,940	—60
Carrefour	3,795	—55
Club Mediter'n	681	—12
Cie Bancaire	806xc	—9
Cofimeg	377.9	—6.1
Damart	2,993	—27
Darty	491	—19
Dumez S.A.	2,395	—34
Eaux (Cie Gen)	1,518	—15
Elf Aquitane	341	—1
Essilor	3,360	+5
Gen.Occidentale	1,338	—8
Imetal	116.2	—2.8
Lafarge Coppee	1,650	—37
L'Oreal	4,340	—160
Legrand	5,830	+30
Maisons Phoenix	155.6	+1.6
Matra S.A.	2,645	—57
Michelin B	3,505	—94
Midi (Cie)	1,547	—13
Moet-Hennessy	2,370	—30
Moulinex	109	+1
Nord Est	202	—4.1
Pernod Ricard	1,070	—41
Perrier	808	—6
Petroles Fra	492	—5.1
Peugeot S.A.	1,479	—30
Printemps (Au)	794	—10
Radio Tech	1,590	—75
Redoute	2,915	—80
Roussel-Uclaf	1,880	+5
Sefimeg	470	+4
Skis Rossignol	1,325	+10
Telemech Elect	3,435	—35
Thomson (CSF)	1,672	—63
Valeo	579	—9

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

NORWAY

April 7	Price Kroner	+ or —
Bergens Bank	183	......
Borgesen B.	308	+28
Christiania Bank	184	......
DenNorske Cred	162	+9.5
Elkem	105	+8.5
Kosmos	149	+8
Kvaerner	190	+6
Norcem	136	+2
Norsk Data	243	+2
Norsk Hydro	184.5	+13.5
Orkla-Borregaad	450	+3.5
Storebrand	362.5	+35

SPAIN

April 7	Price Pta %	+ or —
Bco Bilbao	1,489	—1
Bco Central	1,045	......
Bco Exterior	441	+1
Bco Hispano	585	......
Bco Popular	1,545	—20
Bco Santander	1,131	+29
Bco Vizcaya	1,700	—25
Banesto	750	+23
Dragados	655	+25
Hidrola	70	—0.7
Iberduero	104.5	—1.5
Petroleos	505	+6
Telefonica	158.7	—2.5

SWEDEN

April 7	Price Kronor	+ or —
AGA	196	+4
Alfa-Laval B	322	+5
ASEA (Free)	329	+4
Astra (Free)	635	—5
Atlas Copco	172	—1
Beijer A B	295	+1
Cardo (Free)	175	......
Cellulosa	337	......
Electrolux B	320	......
Ericsson B	265	+4
Esselte	147	+4
Mo och Domsjo	305	+2
Pharmacia	216	......
Saab Scania Free	710	+5
Sandvik	170	+6
Skandia	161	—5
Skan Enskilda	124	—1
SKF	380	+3
Stora Kopparberg	345	......
Sven. Handelsbk	440	......
Swedish Match	455	......
Volvo B (Free)	325	+3

SWITZERLAND

April 7	Price Frs.	+ or —
Adia Intl	12,100	......
Alusuisse	500	+5
Bank Leu	3,310	+10
Brown Boveri	1,830	......
Ciba Geigy	3,340	—10
do. (Part Certs)	2,325	+25
Credit Suisse	3,175	—5
Elektrowatt	3,775	—35
Fischer (Geo)	1,740	—10
Hoff-Roche PtCts	135,250	......
Hoff-Roche 1/10	13,525	—200
Jacobs Suchard	8,750	+50
Jelmoli	3,600	......
Landis & Gyr	1,630	......
Nestle	9,550	—75
Oer.Buehrle	1,240	......
Pargesa Hldgs	2,080	......
Pirelli	441	+3
Sandoz (Br)	11,250	—125
Sandoz (Pt Cts)	1,770	—35
Schindler (PtCts)	760	+25
Sika	1,725	......
Surveillance A	8,525	—65
Swissair	1,235	—5
Swiss Bank	459	—1
Swiss Reinsce	16,950	......
Swiss Volksbk	2,250	—40
Union Bank	5,275	—75
Winterthur Inh	6,550	—75
Zurich Ins	7,535	—125

AUSTRALIA

April 7	Price Aust. $	+ or —
ACI Intl	3.9	......
Adelaide Steams	11.8	—0.2
Amcor	4.6	......
ANZ Group	5.7	+0.3
Ampol Pet	3.05	—0.1
Ariadne	3.5	......
Ashton	3.95	+0.05
Aust. Guarantee	3.6	+0.1
Aust. Nat. Inds	3.2	—0.05
Bell Group	10.6	......
Bell Res	5.66	+0.16
Bond Corp Hldgs	2.92	+0.12
Boral	4.78	+0.02
Bougainville	3.8	......
Brambles Inds	9	+0.14
Bridge Oil	1.6	—0.05
BHP	11.6	+0.05
Burns Philp	11.3	+0.2
CRA	7.8	+0.1
CSR	4.15	—0.1
Chase Corp	3.70	......
Claremont Pet	1.23	—0.02
Coles Myer	6.6	+0.1
Comalco 'A'	3.15	+0.05
Consolidated Pet	0.27	+0.02
Costain Aust	4.75	......
Elders IXL	5.4	—0.02
Energy Res	1.9	—0.05

AUSTRALIA (continued)

April 7	Price Aust. $	+ or —
Gen. Prop. Trust	2.85	—0.05
Hardie (James)	4.78	—0.02
Hartogen Energy	3.2	+0.25
HeraldW'y Times	15.30	......
ICI Aust	4	—0.05
Industrial Equity	3.25	—0.04
Jimberlana F.P.	0.69	+0.02
Kia Ora Gold	0.9	......
Kidston Gold	8.1	+0.1
Land Lease	13	+0.1
MIM	3.1	......
Mayne Nickless	4.75	+0.15
Nat. Aust. Bank	6.5	+0.2
News	24.3	+0.3
Noranda Pacific	4.4	—0.05
North Bkn Hill	3.15	+0.05
Oakbridge	0.75	—0.03
Pacific Dunlop	4.66	+0.6
Pancontinental	3.7	+0.5
Pioneer Conc	3.55	......
Placer Pacific	3.32	—0.08
Poseidon	11.9	—0.1
Queensland Coal	1.35	—0.02
Santos	6.5	—0.4
Smith Howard	4.95	+0.05
T.N.T.	4.8	......
Tooth	7.35	+0.08
Vamgas	2.8	......
Western Mining	8.12	+0.02
Westpac Bank	4.9	+0.7
Woodside Petrol	2.18	—0.12
Woolworths	3.5	—0.05
Wormald Intl	3.45	+0.05

HONG KONG

April 7	Price H.K.$	+ or —
Bank East Asia	18.9	—0.3
Cathay Pacific	5.85	—0.1
Cheung Kong	41.75	......
China Light	21.4	—0.1
Evergo	0.71	......
Hang Seng Bank	61	+0.5
Henderson Land	5.1	—0.15
HK China Gas	15.2	—0.1
HK Electric	13	—0.1
HK Land	7.45	—0.15
HK Shanghai Bk	8.3xa	—0.1
HK Telephone	12.6	—0.1
Hutchison Wpa	51	......
Indust.Equt.Pac	23.9	—0.2
Jardine Math	22.4	—0.1
New World Dev	10.1	+0.25
SHK Props	25.5	......
Shell Elect	1.5	—0.02
Swire Pac A	21.3	—0.5
TV—B	12.8	+0.2
Wharf Holdings	8.6	......
Winsor Inds	10.4	+0.3
World Int. Hldgs	3.6	......

JAPAN

April 7	Price Yen	+ or —
Ajinomoto	3,910	—40
All Nippon Air	1,890	—10
Alps Electric	1,410	—30
Asahi Chem	1,100	+50
Asahi Glass	1,990	+20
Bank Tokyo	1,490	+50
Bridgestone	824	+12
Brother Inds	556	......
Canon	728	+2
Casio Comp	997	+3
Chugai Pharm	1,680	......
Daiei	1,480	......
Dai-Ichi Kan. Bk	3,100	—30
Dai Nippon Ink	700	......
Dai Nippon Ptg	1,800	+20
Daiwa House	2,230	+60
Daiwa Sec	2,920	+50
Eisai	1,950	—40
Fanuc	3,890	+40
Fuji Bank	3,150	—30
Fuji Film	2,760	+10
Fujisawa	2,120	—10
Fujitsu	800	......
F'jrukawa Elect	880	—22
Green Cross	2,990	+130
Heiwa Real Est	1,940	—30
Hitachi	935	—25
Hitachi Credit	1,660	—50
Honda	1,310	+10
Indl. Bk. Japan	3,670	—10
Ishikawajima Hr	625	+5
Isuzu Motor	335	—5
Itoh (C)	880	+10
Ito Yokado	3,870	—70
JAL	15,500	......
Jusco	1,230	......
Kajima	1,870	—20
Kao Corp	1,730	+30
Kawasaki Steel	265	+5
Kirin	2,330	+70
Kobe Steel	335	—1
Komatsu	610	......
Konishiroku	805	+1
Kubota	490	......
Kumagai	1,280	—40
Kyocera	3,940	+160
Marubeni	494	+15
Marui	2,760	—30
Mazda Motors	380	+2
Meiji Seika	955	+15
MIE	1,490	—10
M'bishi Bank	3,150	—30
M'bishi Chem	890	+18
M'bishi Corp	1,230	+30
M'bish Elect	582	+17
M'bishi Estate	3,280	+20

JAPAN (continued)

April 7	Price Yen	+ or —
MHI	595	—5
Mitsui Bank	1,620	......
Mitsui Co	748	+37
Mitsui Estate	2,650	+20
Mitsui Toatsu	620	+20
Mitsukoshi	1,500	+60
NGK Insulators	829	+9
Nikko Sec	2,440	+10
Nippon Denso	1,290	—40
Nippon Elect	1,620	—20
Nippon Express	1,600	......
Nippon Gakki	1,330	......
Nippon Kogaku	600	......
Nippon Kokan	347	+3
Nippon Oil	1,410	+20
Nippon Seiko	472	—15
Nippon Shimpan	1,100	+10
Nippon Steel	381	—1
Nippon Suisan	665	+20
Nippon Yusen	685	+1
Nissan Motor	631	+10
Nisshin Flour	1,000	—20
Nomura	4,900	+50
Olympus	1,040	+40
Onoda Cement	757	+17
Orient Finance	1,140	+90
Orient Leasing	3,490	+110
Pioneer	1,770	—50
Ricoh	759	+4
Sankyo	1,750	+20
Sanwa Bank	2,710	+10
Sanyo Elect	443	+8
Sapporo	1,740	+20
Sekisui House	1,900	+20
Seven Eleven	6,950	+140
Sharp	900	......
Shimizu Constn	1,150	+50
Shionogi	1,770	—30
Shiseido	1,760	—20
Showa Denko	690	+69
Sony	2,860	+10
S'tomo Bank	3,690	—30
S'tomo Chem	550	+10
S'tomo Corp	1,120	+10
S'tomo Elect	1,660	......
S'tomo Metal	245	—1
Taisei Corp	1,260	—10
Taisho Marine	1,150	+20
Taiyo Kobe Bank	1,480	+40
Takeda	3,180	—70
TDK	3,880	—50
Teijin	800	+5
Toa Nenryo	1,970	+40
Tokai Bank	1,780	+40
Tokio Marine	2,280	+30
Tokyo Elec Pwr	9,060	+50
Tokyo Gas	1,520	+20
Tokyu Corp	1,950	......
Toppan Print	1,480	—30
Toray	720	+12
Toshiba Elect	745	+15
Toyo Seikan	2,100	—80
Toyota Motor	1,570	+10
UBE Inds	439	+28
Victor	1,880	—30
Yamaha	750	—5
Yamaichi Sec	2,180	+10
Y'manouchi Phm	4,030	+20
Yamazaki	1,800	......
Yasuda Fire	1,110	+20

SINGAPORE

April 7	Price $	+ or —
Boustead Hldgs	1.62	—0.05
Cold Storage	4.06	......
DBS	12.1	+0.1
Genting	6.75	—0.05
Haw Par. Bros	3.88	......
Hong Leong Fin	3.06	+0.02
Inchcape Bhd	3.5	+0.02
Keppel Corp	2.99	+0.01
Malay Banking	7.05	—0.05
Malay Utd Ind	2.24	—0.06
Multi Purpose	0.80	......
OCBC	9.55	—0.1
OUB	3.64	—0.04
Public Bank	1.81	—0.02
Sime Darby	2.69	—0.09
Singapore Air	11.7	—0.2
Singapore Press	8.05	—0.05
Straits Trdg	4	—0.08
Tat Lee Bank	3.08	—0.02
UOB	5.05	—0.15

SOUTH AFRICA

April 7	Price Rand	+ or —
Abercom	3.85	—0.05
AE&CI	15	+0.25
Allied Tech	110	......
Anglo Am. Coal	39.25	+0.25
Anglo Am. Corp	72	......
Anglo Am. Gold	329	+5
Barclays Bank	21.75	—0.45
Barlow Rand	23	+0.45
Buffels	75	+0.5
CNA Gallo	3.90	......
Currie Finance	7.40	......
De Beers	39.5	+0.4
Driefontein	71.25	+0.75
F. S. Cons	62.5	......
Gold Fields S.A.	83	+1.25
Highveld Steel	6.85	......
Malcor	19.75	+0.25
Nedbank	7.45	+0.15
OK Bazaars	15.75	......
Rembrandt	102	—2
Rust Plat	48.6	—1
Safren	24	+0.75
Sage Hldgs	13.35	......
SA Brews	18	+0.1
Smith (CG)	37.50	......
Tongaat Huletts	11.4	—0.1

CANADA

TORONTO
Closing prices April 7

MONTREAL
Closing prices April 7

F—No voting rights or restricted voting rights.

Total Sales 12,455,102 shares

Indices

NEW YORK—DOW JONES

	April 7	April 6	April 3	April 2	April 1	March 31	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Industrials	2,360.94	2,405.54	2,390.34	2,329.45	2,316.05	2,304.69	2405.54 (6/4/87)	1927.3 (2/1/87)	2405.54 (6/4/87)	41.22 (2/7/32)
Transport	947.87	961.48	951.43	928.90	925.15	919.89	961.48 (6/4/87)	818.38 (2/1/87)	961.48 (6/4/87)	12.32 (8/7/32)
Utilities	208.72	214.8	213.32	211.31	210.39	212.89	227.83 (22/1/87)	189.47 (22/1/87)	227.83 (22/1/87)	10.5 (8/4/32)
Trading vol	-	173.72m	213.38m	182.95m	182.83m	171.76m	—	—	—	—

	April 3	March 27	March 20	Year Ago (Approx)
Ind Div Yield %	2.80	2.86	2.86	3.71

STANDARD AND POORS

	April 7	April 6	April 3	April 2	April 1	March 31	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Industrials	343.28	348.49	347.27	338.97	337.13	335.53	348.49 (6/4/87)	274.58 (2/1)	348.49 (6/4/87)	3.62 (21/6/32)
Composite	295.87	301.95	300.41	293.63	292.38	291.70	301.95 (6/4/87)	246.45 (2/1/87)	301.95 (6/4/87)	4.40 (1/6/32)

	March 25	March 18	March 11	Year Ago (Approx)
Ind div yield %	2.44	2.50	2.53	3.06
Ind. P/E Ratio	22.16	21.66	21.31	16.89
Long Gov Bond Yield	7.57	7.39	7.27	8.08

N.Y.S.E. ALL COMMON

April 7	April 6	April 3	April 2	1987 High	1987 Low
168.35	170.86	170.28	166.76	171.00 (24/3/87)	141.91 (2/1)

RISES AND FALLS

	April 6	April 3	April 2
Issues traded	1,981	1,969	1,861
Rises	856	1,211	941
Falls	724	413	511
Unchanged	401	345	409

TORONTO

	April 7	April 6	April 3	April 2	1987 High	1987 Low
Metals & Minls	2,732.1	2,760.2	2,700.2	2,618.3	2,750.8 (6/4/87)	1,999.2 (2/1)
Composite	3,871.9	3,861.9	3,847.8	3,784.1	3,881.2 (6/4/87)	3,067.8 (2/1)
MONTREAL Portfolio	1,922.51	1,935.8	1,909.7	1,870.5	1,935.8 (6/4/87)	1,534.3 (2/1/87)

* Indicates pre-close figure

	Apr. 7	Apr. 6	April 3	April 2	1987 High	1987 Low
AUSTRALIA						
All Ord. (1/1/80)	1755.1	1746.4	1721.5	1696.8	1755.1 (7/4)	1496.7 (2/2)
Metals & Minls. (1/1/80)	1005.7	982.8	986.1	929.1	1005.7 (7/4)	729.1 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	202.55	201.56	200.22	197.84	230.00 (2/1)	196.20 (1/4)
BELGIUM						
Brussels SE (1/1/84)	4511.72	4488.83	4464.40	4438.86	4551.25 (24/3)	3967.66 (9/1)
DENMARK						
Copenhagen SE (3/1/83)	193.40	196.70	198.30	199.10	217.57 (22/1)	189.64 (9/1)
FINLAND						
Unitas Genl. (1975)	490.6	492.5	497.9	501.9	595.9 (31/3)	425.2 (5/1)
FRANCE						
CAC General (31/12/82)	453.4	458.0	458.9	452.7	480.4 (20/3)	382.8 (2/1)
Ind Tendance (31/12/86)	114.1	115.9	115.8	114.6	117.2 (20/3)	97.8 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	610.55	616.82	604.89	603.74	676.84 (9/1)	538.53 (19/3)
Commerzbank (1/12/53)	1855.7	1871.6	1855.3	1844.6	2045.3 (9/1)	1633.9 (19/3)
HONG KONG						
Hang Seng Bank (31/7/64)	2684.76	(c)	2676.99	2700.41	2859.85 (5/3)	2449.68 (20/1)
ITALY						
Banca Comm. Ital. (1972)	721.75	726.68	723.97	720.76	752.85 (15/1)	675.6 (5/3)
JAPAN**						
Nikkei (16/5/49)	22764.6	22565.1	22419.3	22387.7	22764.6 (7/4)	18,544.3 (15/1)
Tokyo SE New (4/1/68)	1942.07	1955.51	1918.39	1915.84	1942.07 (7/4)	1557.46 (15/1)
NETHERLANDS						
ANP.CBS General (1970)	292.5	288.6	288.9	285.1	292.5 (7/4)	257.7 (28/1)
ANP.CBS Indust (1970)	269.3	264.3	260.9	259.0	274.8 (6/1)	245.7 (28/1)
NORWAY						
Oslo SE (4/1/83)	421.44	421.96	419.50	417.14	421.96 (6/4)	361.96 (2/1)
SINGAPORE						
Straits Times (30, 2/66)	1074.50	1080.86	1075.18	1069.20	1082.88 (10/3)	888.06 (2/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	(c)	(u)	1981.0	2121.6 (15/1)	1796.8 (19/3)
JSE Indust (28/9/78)	—	(c)	(u)	1747.0	1747.0 (2/4)	1425.6 (2/1)
SPAIN						
Madrid SE (30/12/85)	221.27	220.75	222.25	222.91	255.85 (25/2)	212.04 (2/1)
SWEDEN						
Jacobson & P (31/12/56)	2624.30	2591.66	(u)	2514.58	2624.30 (7/4)	2111.33 (28/1)
SWITZERLAND						
SwissBank Cpn (31/12/58)	598.5	600.4	598.8	585.1	605.5 (6/1)	584.6 (25/2)
WORLD						
MS.Capital Intl. (1/1/70)	—	448.2	445.6	438.5	448.2 (6/4)	361.5 (2/1)

** Saturday April 4: Japan Nikkei 22,738.7. TSE 1,938.08.
Base value of all indices are 100 except Brussels SE—1,000, JSE Gold—255.7, JSE Industrials—264.3, and Australia, All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NYSE-Consolidated 1400 Actives

	Stocks Traded	3.00p.m. Price	Change on Day		Stocks Traded	3.00p.m. Price	Change on Day
GCA CP	5,152,400	⅛	unch	United Air	1,983,900	65	— ⅜
Texaco	3,512,300	34⅞	+ ⅜	Ford Motor	1,781,300	89⅞	— ⅝
USX Corp	3,000,300	29⅝	+ ⅛	IBM	1,745,800	148½	— ⅞
Bellsouth	2,357,500	38¼	— ⅛	Gencorp	1,668,200	117⅞	— ⅛
Gen Motors	2,050,300	83	+ 1½	Caesars	1,452,800	31	+ ⅜

Advances 444 Declines 829

TOKYO — Most Active Stocks
Tuesday, April 7, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
Nippon Steel	283.90m	381	— 1	Tokyo Gas	58.33m	1,520	+20
Nippon Kokan	203.19m	347	+ 3	Showa Denko	47.79m	690	+69
Mitsui Eng. & Ship	169.89m	294	+24	Japan Steel Works	40.37m	569	+28
Ishikawajima Harima	77.48m	625	+ 5	Kawasaki Steel	36.04m	265	+ 5
Mitsubishi Electric	65.18m	582	+17	Toshiba Corp.	33.76m	785	+15

LONDON Chief price changes (in pence unless otherwise indicated)

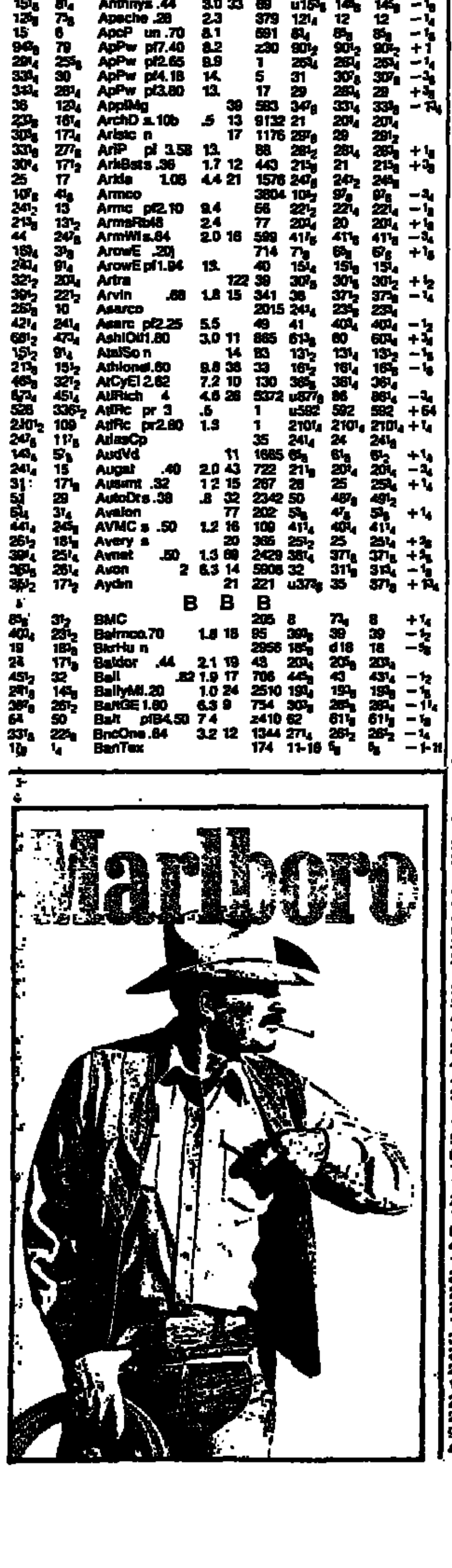
RISES:		
Abbey Life	260	+ 13
Addison Cons.	157	+ 8
Amber Day	28	+ 2½
Ash & Lacy	525	+ 50
Beckman (A.)	140	+ 14
Blenheim E.	265	+ 30
Cannon St Invs.	248	+ 11
Carr Boyd	108	+ 12
Chapman Inds.	246	+ 13
Dale Electric	97	+ 32½
Freshbake	153½	+ 7½
Gld Mines Kal	372	+ 12
Hill Sam	488	+ 13
Holmes Prot.	192	+ 9
Home Counts	493	+ 33
Horizon Tr.	200	+ 16
Jaguar	591	+ 16
London Intl	301	+ 14
Morc O'Ferr	196	+ 13
Myson	226	+ 15
Sons of Gwalia	643	+ 13
Stone Intl	145	+ 12
Williams Hldgs.	812	+ 22
FALLS:		
Ault & Wib	230	— 10
Beecham	522	— 11
BPCC	326	— 7
Extel	468	— 22
IC Gas	750	— 16
Morceau	100	— 20
Wellcome	384	— 34

OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

Continued from Page 49

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
33⅝	20⅛	AAR s	.50	1.5	23	986	33¼	32⅝	32⅞	−⅛
37	21⅞	ADT	.92	2.7	19	774	34¼	34	34	−⅛
41½	23⅝	AFG	.12e	.3	12	495	39½	38⅛	38⅞	+⅜
40¼	16¾	AGS			22	256	37⅞	37¼	37¼	−⅜
14¼	6¼	AMCA				124	8¼	8⅞	8⅞	
9⅝	4⅞	AM Intl				1980	7¾	7⅛	7⅛	−¾
62⅞	47¼	AMR			12	4087	55¾	53¼	53¼	−2¼
25	20⅞	ANR pf	2.12	8.6		8	24⅝	24⅝	24⅝	−⅛
12⅞	8	ARX s			13	103	10⅝	10½	10½	+⅛
63⅞	28¾	ASA	2a	3.2		1459	62½	61⅝	62⅝	+⅝
18½	9¾	AVX		1.8		388	u19	18	18	−⅜
32¾	26½	AZP	2.72	9.0	10	1356	30½	30	30⅛	
67	38¾	AbtLb s	1	1.6	27	2839	65¼	62½	62½	−2½
34¾	25	AccoWd	.62	1.8	21	96	34⅛	33⅞	34	−⅜
14	9	AcmeC	.40	3.1	24	210	13	12¾	12¾	
8½	6⅛	AcmeE	.32b	4.1	27	15	8	7¾	7¾	−¼
23⅞	18¾	AdaEx	3.42e	15.		116	22⅝	22	22¼	−⅛
19½	11⅜	AdmMl s	.24	1.3	16	58	19⅛	18⅝	18¾	−⅛
21½	12⅝	AdvSys	.62t	3.0	16	528	21½	21	21	−⅛
31½	12⅞	AMD				3880	21¼	20¼	20¼	−⅜
52⅜	46⅜	AMD pf	3	5.9		827	51¼	50¾	50¾	−⅞
18¾	5¼	Adobe				148	10½	10⅛	10¼	−¼
20½	13¾	Adob pf	1.84	9.3		1	19¾	19¾	19¾	
21⅞	16⅝	Adob pf	2.40	11.		23	21¼	21	21¼	+¼
18⅝	11½	Advest	.12a	.9	11	318	13¾	13⅛	13½	
68¼	53	AetnLf	2.76	4.4	10	12525	64¼	63	63	−1⅜
54	51⅛	AetL pf	2.81e	5.4		602	52	51½	51⅞	+⅛
101½	87¼	AetL pfC	4.76e	5.0		2	94⅞	94⅞	94⅞	+⅛
50¾	21⅞	AfilPb s	.32	.7	25	214	46¾	45¾	45⅝	+⅞
28¾	18⅞	Ahmns	.88	3.7	7	4570	24⅛	23¾	23⅝	−¾
5½	2⅞	Aileen				189	4⅞	4¾	4¾	−⅛
48½	29⅛	AirPrd s	.80	1.7	32	1818	48	47	47	−⅛
35¼	16	AirbFrt	.60	1.8	15	540	34¼	33¾	33¾	−¼
12	7⅝	Airgas n				67	11⅜	11	11	−¼
20⅝	17⅞	Airlse n	1.03e	5.8		52	17¾	17⅝	17⅝	−⅛
17-32	¼	AlMoan				10	13-32	13-32	13-32	
18¾	8⅞	AlaP dpf	.87	8.5		19	10⅜	10¼	10¼	−¼
106½	95	AlaP pf	9	8.7		z250	104	104	104	+1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]



Continued on Page 49

هكذا اصل الأصل

NYSE COMPOSITE CLOSING PRICES

Continued from Page 48

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25¾	17⅛	Wynns	.60	2.7	13	42	22⅛	22	22⅛	+¼
78⅜	48⅝	Xerox	3	3.9	20	3923	77⅞	76⅞	76⅝	−1⅝
58¼	55	Xerox pf5.45		9.8		21	55⅞	55⅝	55⅞	+½
28¾	21½	XTRA	.64	2.6		29	25⅝	24¾	24¾	−¾
21¼	13½	Yorkln			22	145	20	19⅝	19¾	
6	2¼	Zapata				2345	4⅝	4⅜	4½	+¼
45⅞	20¾	Zayre s	.32	1.1	18	2767	29⅛	28⅛	28⅛	−⅝
14¾	8¾	Zemex	.40	2.9	9	19	13⅞	13¾	13¾	
29⅞	18⅞	ZenithE				1172	26⅝	25⅞	26⅛	−½
18¼	8	ZenLb s				1233	12¾	12⅛	12¼	−⅜
21	12⅝	Zero	.36	2.0	19	111	18¼	18	18	−¼
51½	32¾	Zurnin	1.32	2.6	20	205	51	50⅝	50⅝	+⅜
10⅝	8¾	Zweig n.10e		1.1		1101	9⅝	9½	9½	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued on Page 47

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Early gains reversed by fall in bonds

WALL STREET

GIVING UP morning gains, Wall Street stock prices fell sharply yesterday afternoon undermined by profit-taking and a weak bond market, *writes Roderick Oram in New York.*

Bond prices, which fell a point at the long end of maturities, were hit by renewed weakness of the dollar.

The Dow Jones industrial average closed down 44.60 points at 2,360.94, its fourth-largest points drop in a day. It began the session below its previous close as the markets digested a $61m share-selling programme by New Jersey which is divesting itself of stocks linked with South Africa. Previous sales by the state in recent weeks had also caused sinking spells for the markets.

With the help of a wide premium on stock index futures, however, the Dow industrials recovered to show a maximum gain of about 15 points by mid-morning, but the improvement was soon reversed as the bond market turned lower. The sell-off concentrated in the top tier of stocks, was exacerbated by arbitraging between stock index futures, which were trading at a discount, and the underlying shares.

Broader market indices followed a similar pattern with the Standard & Poor's 500 losing 5.25 to 296.70 and the New York and American stock exchange composites indices falling 2.81 to 168.35 and only 0.59 to 341.64, respectively.

NYSE volume was moderately heavy at 186.4m shares although institutional buying was light. The number of declining issues outnumbered those rising by a margin of 11-to-five.

Technology stocks were generally weaker. Unisys added $⅝ to $104½, Motorola fell $⅝ to $56½, Wang fell $¼ to $15⅝, IBM fell $2⅝ to $146¾, Digital Equipment fell $3⅜ to $166½, Texas Instruments fell $1⅛ to $194¾, Advanced Micro Devices gave up $⅝ to $20¼ and National Semiconductor fell $⅝ to $15¾.

Telex, a manufacturer of computer peripheral equipment, dropped $5¼ to $84½. Merrill Lynch reduced its recommendation from buy to neutral.

Texaco, up $⅛ to $33¾, and Pennzoil, down $1¼ to $87¼, recovered and lost respectively some of the ground they made on Monday after Texaco had suffered an adverse court ruling in its fight against Pennzoil.

Allegis was unchanged at $65⅝. It had risen strongly on Monday after the national airline pilots union had offered to buy its United Air Lines subsidiary for $4.5bn. The two parties are due to meet soon.

GenCorp was unchanged at $118. An investment group led by AFG Industries and Wagner & Brown terminated their takeover offer following GenCorp's decision to buy back 54 per cent of its shares at $130 each.

Caesars World added a further $⅝ to $30⅝. It is planning a $25-a-share dividend to fend off a hostile takeover offer of $28 a share.

Interco gained $⅝ to $45⅝. The apparel manufacturer and retailer reported fourth-quarter profits of 99 cents a share against 97 cents a year earlier.

General Motors added $⅝ to $82¼. It is due to hold closed-door meetings with analysts later this week. Rumours of what might be discussed and of a buy recommendation from Goldman, Sachs boosted the stock.

Marion Laboratories advanced $1⅛ to $73⅜. It said it expected net profits for the year ending June 30 to be between $1.25 to $1.30 a share against 70 cents a year earlier. Most other drug stocks were lower. Merck fell $5⅝ to $160, Upjohn fell $3⅜ to $127⅝, Squibb dropped $7 to $155½ and Pfizer fell $2⅝ to $73.

The tone of Wall Street's credit markets yesterday had been set overnight abroad by a falling dollar. The currency weakened after senior Reagan Administration officials said they had no objective for a dollar exchange rate. The downturn in the dollar undermined prices of US Treasury securities.

Mr Onno Ruding, the Dutch Finance Minister and chairman of the International Monetary Fund's interim committee, said yesterday in Washington that any further drop in the dollar would be unwarranted. Officials from leading industrialised countries are meeting in Washington today to discuss international economic policy co-operation.

On the domestic policy front, Mr Paul Volcker, chairman of the Federal Reserve Board, suggested that last week's increase by banks in their prime lending rates was not triggered by Fed monetary policy.

The price of the benchmark 7.50 per cent Treasury long bond fell 1⅜ points to 95⅝ at which it yielded 7.93 per cent. Losses were relatively smaller at the shorter end of maturities. Trading was light.

CANADA

CONTINUED strong support for energy and gold stocks kept Toronto prices buoyant following the Composite index's record Monday close of 3,881.2, a rise of 34.2.

Among the stronger gold stocks, Galactic Resources picked up C$⅝ to C$10¼, having announced on Monday plans to merge with Quartz Mountain Gold. Hemlo Gold was up C$⅝ to C$27¼ and Lacana Mining added C$1¼ to C$18⅝.

Forest stocks performed well, with Canfor Corp C$1¼ stronger at C$35⅝, BC Forest Products C$⅞ up at C$21¼ and Consolidated-Bathurst C$¼ better at C$21¼.

Montreal gained overall, with mining, utilities and oils strongest.

Vancouver stock exchange said its March volume was a record 479.2m shares, well up from the 270.1m shares traded in March 1986.

Little cheer in London

SECURITIES markets in London found little cheer in Wall Street's strong overnight performance and two more opinion polls predicting election success for the Conservatives.

Worries over the weak dollar and the threat of a trade war with Japan overshadowed trading, and share prices finished slightly lower despite a late rally.

The FT-SE 100 index closed down 2.6 at 1,987.0 after falling by 12 points in early trading while the FT Ordinary index shed 1.5 to finish at 1,564.5.

Firmness in crude prices did nothing for the oil majors, and prices ended lower in sluggish trading, with BP off 4p at 916p.

Against the general trend, Jaguar, predicting 10 to 15 per cent growth in world sales this year, added 16p to 591p.

Bonds finished lower, with long-dated issues of ¾ of a basis point, as the market awaited today's meeting of the G7 finance ministers. Details, Page 46.

EUROPE

Stockholm rises to fresh high

WIDESPREAD selling, much of it as a technical reaction to recent gains, together with a fall in overseas interest left most European equities markets lower or steady. Sweden was a notable exception, posting a record high in busy trade.

Stockholm surpassed the all-time high it equalled on Monday as institutions bought heavily, in part to meet rising placement needs of public share savings funds. Gains continued through the day despite a spate of mid-session profit-taking to leave the Veckans Affarer all-share index 7.7 higher at 969.9. Turnover of SKr 500m was well above Monday's SKr 419m.

Most active was Ericsson, which rose SKr 4 to SKr 285 amid news it had won a third contract for digital exchange equipment from US West Coast.

Engineering stocks made the day's best gains as the National Institute for Economic Research forecast a rise in the sector's production and exports.

Frankfurt retreated broadly in what dealers said was a technical response to Monday's strong advance. The Commerzbank index, calculated at mid-session, was down 15.6 at 1,855.7.

Computer stock Nixdorf fell back DM 4.50 from Monday's DM 12.50 gain to close at DM 781 despite reporting a 29 per cent climb in 1986 earnings.

Banks faltered from recent advances: Dresdner lost DM 9 to DM 358 and said its dividend would stay at DM 12 with a 1-for-18 bonus share issue, Deutsche Bank gave up DM 10 to DM 687 and Commerzbank fell DM 9.20 to DM 278. Bayernhypo tumbled DM 15 after Monday's gains to DM 449.

Daimler was the worst-hit car stock, losing DM 23.00 to DM 1,022.00. VW also fell back DM 2 to DM 366.50 amid news that its former chief foreign exchange dealer had been arrested.

Brussels closed steady after heavy late selling had wiped out early gains. Dealers said the lower trend in interest rates kept the market firm.

Metal stocks made up ground, however, with steelmaker Arbed BFr 50 better at BFr 1,665 and Metal Hoboken up BFr 60 to BFr 5,900.

Amsterdam was modestly stronger as foreign investors continued to buy internationals. The final CBS tendency index was 0.7 up on Monday's close at 97.3.

Philips added Fl 1.50 to Fl 53.10 in advance of today's annual meeting. Royal Dutch rose Fl 2 to Fl 254.60, Unilever was up 50 cents at Fl 598.00 and KLM climbed 20 cents to Fl 43.00.

Zurich slipped back amid widespread falls in blue chips. UBS led the way, giving up SFr 75 to SFr 5,275. Also lower were Sandoz bearer, by SFr 125 to SFr 11,250, and Hoffmann-La Roche 1/10 shares, by SFr 200 to SFr 13,625.

Paris eased in moderate trading as foreign interest in the market declined. Falls led advances by 141 to 30 with 14 issues steady.

Among the leading losers, Radiotechnique shed FFr 75 to FFr 1,590, Air Liquide lost FFr 33 to FFr 735 and Moët Hennessy, which boosted its dividend to FFr 45 from FFr 34.50, lost FFr 30 to FFr 2,370.

Milan fell, depressed by selling prior to Monday's monthly settlements and by continued domestic political tensions.

Subsidiaries controlled by Mr Carlo De Benedetti rose, however, as the financier announced a 34 per cent rise in group earnings, with food group Buitoni up by L180 to L8,180 and CIR, the holding company, up by L131 to L6,490.

Madrid was slightly firmer in quiet trade. Rises outpaced falls by 51 to 39 with 47 stocks unchanged.

Oslo finished mixed after profit-taking was followed by a resurgence of optimism that the bourse could soon reach record levels.

The all-share index put on 0.09 to 319.57, just 5.74 shy of the November 1985 record.

SOUTH AFRICA

DESPITE the discouragement of a rise in the financial rand and a dip in bullion prices, Johannesburg gold stocks finished moderately firmer in quiet trade.

Gold Fields of South Africa shook off the news of a 13 per cent drop in first quarter profits to add R1.25 to R63. Elsewhere among golds, Vaal Reefs picked up R3 to R398, Driefontein added 75 cents to R71.25 and Anglo American Gold put on R3 to close at R329.

Diamond stock De Beers rose 40 cents to R39.50, but platinum companies Impala and Rustenburg slipped back, by 75 cents to R48 and by R1 to R48.50, respectively.

ASIA

High-tech buying sparks record

TOKYO

THE STRONG overnight advance on Wall Street helped send share prices soaring to a record high in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The upswing was led by superconductor and AIDS stocks and by issues sensitive to budgetary developments.

The Nikkei average climbed 198.54 to 22,784.65. Volume totalled 1.90bn shares compared with Monday's 1.79bn. Advances outnumbered declines by 474 to 404, with 133 issues unchanged.

The Dow Jones' breach of the 2,400 level on Monday, coupled with the strong performance of the Japanese bond market, sparked strong buying interest, mainly in issues backed by specific incentives.

Stocks related to superconductive material came to the top of the shopping list. Mitsubishi Electric closed Y17 higher at Y582 after rising Y29 at one stage on 65.18m shares.

Mitsubishi Electric's advance triggered rises by other heavy electrical machine stocks such as Hitachi and Toshiba, which ended Y26 and Y15 higher at Y939 and Y745, respectively.

Electric Cables performed well, along with some nonferrous metals. Mitsubishi Cable Industries surged Y39 to Y540, Showa Electric Wire and Cable Y47 to Y717 and Hitachi Cable Y20 to Y1,230 while Mitsui Mining and Smelting rose Y12 to Y416.

Elsewhere, NTT climbed Y30,000 to Y2.8m on buying by securities houses and hopes foreigners may be allowed to buy the stock in a second government offering.

Some budget-influenced stocks attracted strong buying interest, bolstered by the Government's apparent moves towards an expansionary fiscal policy to buoy up the Japanese economy.

Dredging companies and some cements remained popular, supported by the Ministry of International Trade and Industry's proposal, disclosed on Monday, to construct artificial islands in Tokyo Bay.

Toa Harbour Works leapt Y80 to Y1,110, Wakachiku Construction Y41 to Y880 and Mitsubishi Mining and Cement Y46 to Y720. Shimizu Construction gained Y50 to Y1,150 and Daiwa House Y80 to Y2,230.

Leading general contractors were slightly easier, however, with Kajima Corp and Ohbayashi Corp losing Y20 each to Y1,870 and 1,280, respectively.

Nippon Steel, although topping the active list with 283.90m shares traded, closed Y1 lower at Y381 while Nippon Kokan, the second-busiest issue with 203.19m shares, ended only Y3 higher at Y347 after gaining Y11 earlier.

Bond prices remained steady, helped by the continued strong performance of the futures market where June contracts, which topped Y110 for the first time on Monday, rose further to reach Y110.75.

The yield on the benchmark 5.1 per cent government bond, maturing in June 1996, fell to a record low of 3.915 per cent from Monday's 3.970 per cent in block trading on the Tokyo Stock Exchange.

AUSTRALIA

A LATE bout of profit-taking pulled Sydney share prices off their session highs but none the less failed to prevent the All Ordinaries index pushing 7.4 ahead to a new closing peak of 1,753.7.

Demand, at home and abroad was still strong, particularly for gold issues, taking the gold index up 44.7 more points to a record 3,073.9.

Total market capitalisation of the Australian Stock Exchange rose to a record of A$208.86bn at the end of March from the previous high of A$200.58bn at the end of February.

SINGAPORE

ACTIVITY remained subdued in Singapore, and light profit-taking saw the Straits Times industrial index shed 6.46 to 1,074.52.

Most active stock was Tan Chong Motors, up 2 cents to 56 cents on 2.1m shares traded. Among blue chips SIA eased 20 cents to S$11.70.

Li's companies drop disputed share plan

HUTCHISON WHAMPOA and Cheung Kong, two major Hong Kong companies controlled by Mr Li Kashing, yesterday abandoned controversial plans to create new categories of shares that would have cemented existing shareholder control.

The company said that the absence of clear legislation over the issue of B shares had made the local stock market nervous and that this nervousness "may be damaging to Hong Kong's image as a leading financial centre."

The move comes just 10 days after Jardine Matheson, Hong Kong's oldest trading group, announced plans to create B shares that would have a lower nominal value than existing A shares but would carry equal voting rights. The move was intended to insulate Jardine against predators as it begins to expand after three depressed years during which it had been extremely vulnerable to a takeover.

Jardine has so far decided to stand by its proposals although no spokesman for the company was yesterday willing to comment on the Hutchison and Cheung Kong withdrawals. After meetings last week with the stock exchange listing committee, a Jardine executive insisted that the group would go ahead with its plan and did not expect to be blocked by the stock exchange.

The Jardine plan inspired the move by Mr Li Kashing's companies. When it became clear that an avalanche of copy-cat applications was about to fall, the local stock exchange called a halt to fresh applications last week.

Swift action was also probably triggered by a strong negative reaction among local stockbrokers. In the wake of the original Hutchison announcement, shares fell steeply, with more than 70 points being stripped from the Hang Seng index. The index steadied in the wake of the moratorium announced by the stock exchange.

For many years, it has been understood in Hong Kong that two-tier share structures would not be allowed by the local regulatory authorities. In 1972, both the Swire Group and Wheelock Marden issued such shares and prompted a storm of protest in the stock market.

The moratorium in force at the moment is intended to allow the stock exchange to clarify its own legal position on granting listing to these new categories of shares. No conclusion is expected for some months.

Trading was suspended yesterday in the shares of Wharf Holdings, World International and Hongkong Realty and Trust, three Hong Kong companies controlled by Sir Yue-Kong Pao.

The group gave no hint about the reason for suspension, but reports circulating the stock market suggested a reconstruction was possible.

Hongkong Realty and Trust was a subsidiary of Wheelock Marden until the latter was taken over by Wharf two years ago and as such has both A and B shares. Some analysts suggested that a takeover of Wharf by Realty was being planned. World International would then take control of Realty by buying its B shares, a move which illustrates the importance of B shares in the current stock market debate in Hong Kong.

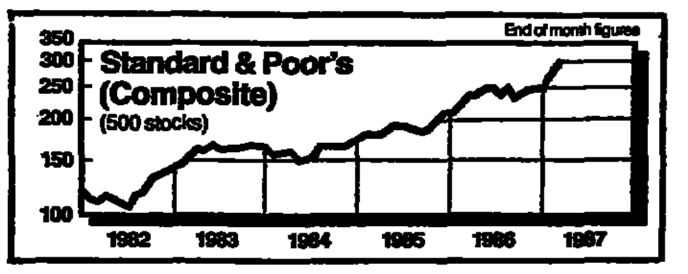
HONG KONG

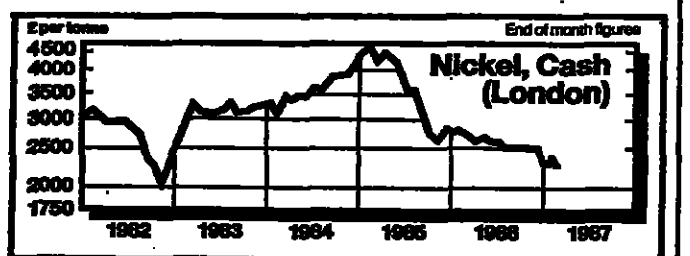
THE CONTROVERSY over B shares and the rise in local interest rates combined to depress the Hong Kong market yesterday in quiet trading, with the Hang Seng index losing 15.29 to 2,664.70.

The index dropped by more than 40 points in the morning, but share prices recovered on late bargain-hunting.

Cheung Kong and its associate Hutchison Whampoa were both unchanged at HK$41.75 and HK$51.60, respectively. Jardine Matheson eased 10 cents

KEY MARKET MONITORS





STOCK MARKET INDICES

	April 7	Previous	Year ago
NEW YORK			
DJ Industrials	2,360.94	2,405.54	1,736.51
DJ Transport	947.87	961.48	776.83
DJ Utilities	208.72	214.01	185.27
S&P Comp.	296.67	301.95	226.63
LONDON FT			
Ord	1,564.5	1,566.0	1,388.1
SE 100	1,987.0	1,989.6	1,686.5
A All-share	995.97	996.86	818.22
A 500	1,109.17	1,110.54	901.13
Gold mines	424.9	421.8	288.0
A Long gilt	9.12	9.07	8.87
World Act. Ind (April 6)	$124.85	$123.78	$123.33
TOKYO			
Nikkei	22,784.65	22,586.8	15,062.0
Tokyo SE	1,942.07	1,933.31	1,205.97
AUSTRALIA			
All Ord.	1,755.1	1,746.4	1,148.5
Metals & Mins.	1,003.7	992.9	545.6
AUSTRIA			
Credit Aktien	202.65	201.50	116.17
BELGIAN SE	4,511.7	4,496.63	3,662.89
CANADA			
Toronto			
Met.& Mins.	2,732.1	2,760.8	2,279.0
Composite	3,871.0	3,881.2	3,026.7
Montreal			
Portfolio	1,922.51	1,934.74	1,572.40
DENMARK SE	199.40	196.70	246.71
FRANCE			
CAC Gen	453.40	459.0	375.9
Ind. Tendance	114.10	115.9	91.9
WEST GERMANY			
FAZ-Aktien	610.55	616.82	712.01
Commerzbank	1,855.70	1,871.30	2,165.8
HONG KONG Hang Seng	2,664.70	(c)	1,691.60
ITALY Banca Comm.	721.73	726.68	717.97
NETHERLANDS ANP CBS			
Gen	292.30	288.6	270.1
Ind	269.30	264.3	256.5
NORWAY Oslo SE	421.44	421.98	355.98
SINGAPORE Straits Times	1,074.50	1,080.98	585.22
SOUTH AFRICA JSE			
Golds	—	(c)	1,205.2
Industrials	—	(c)	1,131.2
SPAIN Madrid SE	221.27	220.79	159.13
SWEDEN J & P	2,624.30	2,591.88	2,201.72
SWITZERLAND Swiss Bank Ind	598.50	600.40	598.5

COMMODITIES (London)

	April 7	Prev
Silver (spot)	416.35p	401.15p
Copper (cash)	£909.75	£909.25
Coffee (July)	£1,270.00	£1,251.00
Oil (Brent)	$19.40	$18.85

GOLD ($/oz)

	April 7	Prev
London	$419.50	$422.00
Zürich	$419.00	$421.75
Paris (fixing)	$419.44	$421.43
Luxembourg	$420.00	$420.60
New York (June)	$426.20	$422.60

CURRENCIES (London)

	US DOLLAR April 7	US DOLLAR Previous	STERLING April 7	STERLING Previous
$	—	—	1.6185	1.6175
DM	1.8265	1.8250	2.955	2.9525
Yen	145.30	146.05	235.25	236.25
FFr	6.075	6.0725	9.8325	9.8225
SFr	1.5145	1.5185	2.45	2.45
Fl	2.0590	2.0600	3.3325	3.3325
Lira	1,300	1,300	2,104	2,102.75
BFr	37.75	37.80	61.10	61.15
C$	1.3055	1.3075	2.1135	2.1145

INTEREST RATES

	April 7	Prev
Euro-currencies (3-month offered rate)		
£	9⅞	9 15/16
SFr	3⅝	3 11/16
DM	3⅞	3⅞
FFr	8 3/16	8¼
FT London Interbank fixing (offered rate)		
3-month US$	6 7/16	6⅜
6-month US$	6 11/16	6⅝
US Fed Funds	6⅛*	6⅛
US 3-month CDs	6.10*	[illegible] 6.375
US 3-month T-bills	5.495*	5.62

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
April 7				
June	97-19	98-04	97-12	98-04
US Treasury Bills ([illegible]) $1m points of 100%				
June	94.32	94.34	94.29	94.34
Certificates of Deposit ([illegible]) $1m points of 100%				
June	93.72	93.72	93.72	93.70
LONDON				
Three-month Eurodollar $1m points of 100%				
June	93.33	93.34	93.30	93.36
20-year Notional Gilt £50,000 32nds of 100%				
June	123-23	124-19	123-22	124-07

US BONDS

Treasury

	April 7 Price	April 7 Yield	Prev Price	Prev Yield
6¼ 1989	99 [illegible]	6.562	99 [illegible]	6.545
7¼ 1993	97 [illegible]	7.392	98 [illegible]	7.339
7⅜ 1996	97 [illegible]	7.571	98 [illegible]	7.52
7¼ 2016	95 [illegible]	7.885	96 [illegible]	7.834

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return Index April 7	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.93	−0.03
1–10	154.63	+0.12	6.66	−0.03
1–3	144.03	+0.07	6.37	−0.03
3–5	157.57	+0.17	6.71	−0.03
15–30	193.58	+0.59	7.78	−0.03

Source: Merrill Lynch

Corporate

	April 7 Price	April 7 Yield	Prev Price	Prev Yield
AT&T 3⅞ July 1990	93.86	5.95	94.14	5.90
SCBT South Central 10⅞ Jan 1993	104.5	9.87	104.175	9.78
Phibro Sal 8 April 1996	98.0	8.30	98.375	8.25
TRW 8⅜ March 1996	102.0	8.43	102.625	8.50
Arco 9⅞ March 2016	110.25	8.88	110.0	8.90
General Motors 8⅛ April 2016	91.5	8.95	92.0	8.90
Citicorp 9⅜ March 2016	99.25	9.45	100.0	9.38

Source: Salomon Brothers

* Latest available figures